2585. Also, petition of directors of the California White and Sugar Pine Manufacturers, resolutions in re subdivision C of section 201 of the proposed internal revenue law; to the Committee on Ways and Means.

2586. Also, petition of C. C. Thomas Navy Post, No. 244, San Francisco, Calif., relative to hydrographic surveys; to the Committee on Naval Affairs.

2587. Also, petition of Tacoma Conference of Commercial and Port Organizations of the Pacific Coast of the United States, Tacoma, Wash., in re section 28 of the merchant marine act of 1920; to the Committee on the Merchant Marine and Fisheries.

2588. Also, petitions of the Ebell Club, Long Beach, Calif., in re Senate bill 2313 in re Five Civilized Tribes of Oklahoma, and in re Senate bill 966, for the relief of the Pima Indians of Arizona; to the Committee on Indian Affairs.

2589. Also, petitions of the Woman's Civic League, San Fernando, Calif., indorsing Senate bill 2015, for welfare of the Pueblo Indians, and Beverly Hills Woman's Club, indorsing Senate bill 2313, for the relief of the Five Civilized Tribes of Indians in Oklahoma; to the Committee on Indian Affairs.

2590. Also, petition of the Ebell Club of Los Angeles, Calif., in re disabled veterans of the World War; to the Committee on Military Affairs.

2591. Also, petition of Fremont Morse, Berkeley, Calif., urging support of House bill 5097 in retired officers of various military services; to the Committee on Military Affairs.

2592. Also, petition of the C. C. Thomas Navy Post, No. 244, indorsing House bill 514 providing for meritorious medal for officers and men of the Navy and Marine Corps; to the Committee on Military Affairs.

2593. Also, petition of Department of Arizona, Disabled American Veterans of the World War, resolutions indorsing United States Veterans' Hospital No. 51, at Tucson, Ariz., for a permanent hospital; to the Committee on Military Affairs.

2594. Also, petition of San Francisco Labor Council, San Francisco, Calif., resolutions protesting against policy of the United States Shipping Board and the Emergency Fleet Corporation in permitting their ships to be manned by aliens ineligible to United States citizenship; to the Committee on the Merchant Marine and Fisheries.

2595. Also, petition of J. Edmond Wood, president of the National Baptist Convention, box 235, Danville, Ky., in re an appeal to the lawmakers of the Nation on behalf of the railroads, discouraging antirailroad legislations; to the Committee on Interstate and Foreign Commerce.

2596. Also, petition of Tacoma Conference of Commercial and Port Organization of the Pacific Coast of the United States, Tacoma, Wash., opposing the Gooding bill (S. 2327) relative to supervision of the Interstate Commerce Commission rail carriers; to the Committee on Interstate and Foreign Commerce.

2597. Also, petition of R. E. Ford, 5121 Laroda Avenue, Los Angeles, Calif., opposing passage of Senate bill 2646 and House bill 7358 for the purpose of amending the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

2598. Also, petition of Dr. Chevalier Jackson, 128 South Tenth Street, Philadelphia, Pa., indorsing House bill 7822, requiring proper labeling of household preparations; to the Committee on Interstate and Foreign Commerce.

2599. Also, petitions of Sunset Lodge No. 1117, I. A. of M., Berkeley, Calif., indorsing Howell-Barkley bill abolishing Railway Labor Board, and Frank L. Harmon, Charles F. Collins, and Edith L. Harmon, Gold Run, Calif., indorsing Howell-Barkley bill abolishing Railway Labor Board; to the Committee on Interstate and Foreign Commerce.

2600. Also, petitions of West Coast Theaters (Inc.), Los Angeles, Calif., relative to music license fee under revision of copyright law, and Sol Lesser, vice president West Coast Theaters (Inc.), Los Angeles, Calif., in re decision of judges regarding copyright laws; to the Committee on Interstate and Foreign Commerce.

2601. Also, petition of Dried Fruit Association of California, San Francisco, Calif., opposing Senate bill 2327, in re fourth section of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

2602. By Mr. ROGERS of New Hampshire: Resolutions of Reserve Officers' Association, of Laconia, N. H., that there should be maintained an adequate military force as contemplated in the national defense act of 1920, etc.; to the Committee on Military Affairs.

2603. By Mr. SEGER: Petition of 216 citizens of Paterson, Passaic, Clifton, and Little Falls, N. J., protesting against the 2.75 beer bills; to the Committee on the Judiciary.

2604. Also, petition of 208 citizens of Paterson, N. J., and vicinity, protesting against the 10 per cent luxury tax on radio sets and parts; to the Committee on Ways and Means.

2605. By Mr. STEPHENS: Petition of the Aid Society of Wyoming Presbyterian Church, of Wyoming, Ohio, opposing the modification of the Volstead Act; to the Committee on the Judiciary.

SENATE

WEDNESDAY, *April 30, 1924*

(Legislative day of Thursday, April 24, 1924)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Adams	Ferris	King	Reed, Pa.
Ashurst	Fess	Ladd	Sheppard
Ball	Fletcher	Lodge	Shields
Bayard	Frazier	McCormick	Shipstead
Borah	George	McKellar	Shortridge
Broussard	Gerry	McKinley	Simmons
Bruce	Glass	McLean	Smith
Bursum	Gooding	McNary	Smoot
Cameron	Hale	Mayfield	Stanfield
Capper	Harreld	Moses	Stanley
Cummins	Harris	Neely	Stephens
Curtis	Harrison	Norbeck	Sterling
Dale	Heflin	Norris	Swanson
Dial	Howell	Oddie	Trammell
Dill	Johnson, Calif.	Overman	Walsh, Mass.
Edge	Johnson, Minn.	Phipps	Walsh, Mont.
Edwards	Jones, N. Mex.	Pittman	Warren
Ernst	Kendrick	Ralston	Watson
Fernald	Keyes	Ransdell	Willis

Mr. CURTIS. I wish to announce that the Senator from Wisconsin [Mr. LENROOT] is absent on account of illness. I ask that this announcement may stand for the day.

I was requested to announce that the Senator from Iowa [Mr. BROOKHART], the Senator from Washington [Mr. JONES], and the Senator from Montana [Mr. WHEELER] are attending a hearing before a special investigating committee of the Senate.

The PRESIDENT pro tempore. Seventy-six Senators have answered to their names. There is a quorum present.

WORLD WAR VETERANS

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent to have printed in the RECORD an analysis prepared at my request by the Veterans' Bureau relating to Senate bill 2257, which was under consideration last night at the time the Senate took a recess. This bill, not yet finally disposed of, is the result of much study and consideration by the select committee of the Senate which investigated the Veterans' Bureau of the whole problem of our World War veterans—compensation, rehabilitation, hospitalization, and insurance. It contains many changes, most of them enlarging existing benefits. The printing in the RECORD of this analysis will permit Members of Congress, veterans, and others to become familiar more readily with the numerous proposed changes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

The statement is as follows:

ANALYSIS OF SENATE BILL 2257, AS REPORTED BY THE COMMITTEE ON FINANCE

The purpose of this memorandum is to note the changes from existing law as contained in S. 2257, as reported by the committee; but no mention will be made of mere differences in phraseology.

TITLE I

Section 1: The short title for the act, as contained in this section, is new. It is called the World War veterans act of 1924.

Section 2: The first definition in this section is new; the second definition is contained in existing law.

Section 3: In subdivision 9 the language contained in the last two lines is new. Subdivisions 14 and 15 are new; otherwise, the section continues existing law.

Section 5: This section in the main continues existing law, but adds authority for the director to delegate authority to employees.

Section 6: In the main this is a reenactment of existing law. There is included, however, a provision that the test of rehabilitation shall be employability. This is new.

Section 7 (as renumbered) extends the existing authorization for decentralization by permitting decentralization to such suboffices as the director may designate, the functions now exercised by district offices.

Section 8 (as renumbered) continues the existing provisions and adds authority for the investigation of frauds or attempts to defraud the Government, or irregularity or misconduct of officers.

Section 9 (as renumbered): This is an entirely new provision enabling the director to seek the opinion and assistance of the Attorney General.

Section 10 (as renumbered): The only new portion of this section is contained in the last paragraph, which proposes the permanent transfer to the Veterans' Bureau of all hospitals under the jurisdiction of the Public Health Service, the operation, management, and control of which have heretofore been transferred to this bureau pursuant to the act approved August 9, 1921. This paragraph is substituted in lieu of the continuation of the authority to transfer to the director the operation, management, and control of public-health hospitals.

Section 11 (as renumbered) makes no change from existing law.

Section 12 (as renumbered) makes no change from existing law.

Section 13 (as renumbered) makes no change from existing law.

Section 14 (as renumbered) makes no change from existing law.

Section 15 (as renumbered) continues appropriations heretofore made.

Section 16 (as renumbered) continues the military and naval insurance appropriation and provides that premiums collected for yearly renewable term insurance shall be covered into the Treasury for the credit of this appropriation. This provision is not new. However, the section does contain a new provision to the effect that the appropriation shall be available for such liabilities under contracts of yearly renewable term insurance as shall have been reduced to judgment in a district court of the United States, or in the Supreme Court of the District of Columbia.

Section 17 (as renumbered): This is a continuation of the United States Government life-insurance fund, the only new provision being the fund shall be available for liabilities as may be reduced to judgment in a district court of the United States or in the Supreme Court of the District of Columbia.

Section 18 (as renumbered): This provision is now contained in the statute.

Section 19: The new portion of this section authorizes the bureau to recognize the accredited representatives of the American Red Cross, the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars in the presentation and adjudication of claims. Another new provision contained in this section is that providing that all persons having, or claim to have, an interest in insurance may be made parties to any suit brought on the contract of insurance and establishing the procedure in such suits.

Section 20 (as renumbered): This section reposes in the director the authority to determine marriage for the purposes of the statute leaving out the purely regulatory provisions which were included in the earlier statute. There is also omitted the provision which terminates payments of compensation or insurance in the event of misconduct of a widow.

Section 21 (as renumbered): A new proviso added to the existing law contemplates the suspension of payments to guardians on behalf of minors, or mental incompetents where the guardian fails to render an account showing the application of the funds of his ward.

Section 22 (as renumbered): This section reenacts existing law, with the addition that the provision that benefits shall not be assignable and shall not be subject to the claims of creditors and shall be exempt from taxation, is extended to maintenance and support allowance for trainees as well as to beneficiaries of compensation and insurance.

Section 23 (as renumbered) contains no change.

Section 24 (as renumbered) extends to those persons who were called into Federal service as members of the National Guard, without being accepted and enrolled for active service, the benefits now provided for persons inducted by local draft boards who died or became disable before acceptance and enrollment for active service.

Section 25 (as renumbered) continues the provisions of the existing statute.

Section 26 (as renumbered) continues the provision for payment to personal representatives of the deceased those sums which had accrued during his lifetime as monthly installments of compensation, or term insurance, and extends the provision to maintenance and support allowance payable to a person receiving vocational training. There is also included a provision that no payment will be made in the event the estate would escheat.

Section 27 (as renumbered) is new. It provides that payments of compensation made under the provisions of Bureau of War Risk Insurance, regulation No. 57, which permits a presumption of permanent total disability after hospitalization, or a rating of less than total permanent disability shall be deemed valid, thereby relieving the bureau from making recovery in these cases.

Section 28 (as renumbered) is new, providing that there shall be no recovery of payments from any beneficiary who is without fault where such recovery would defeat the purpose of benefits otherwise authorized, or would be against equity or good conscience.

Section 29 (as renumbered) is new, and authorizes the sale, lease, or exchange of surplus equipment, supplies, etc., the proceeds to be covered into the Treasury.

Section 30 (as renumbered): This section also is new. It provides that the files, records, reports, and papers of the bureau shall be deemed confidential and privileged. There are included, however, certain exceptions where disclosure of the contents of such files may be made. The section further provides that when the production of a file, record, report, or other document is required, or permitted, a certified copy may be produced and shall be received with like force and effect as the original.

TITLE II

This title as a whole reenacts article 3 of the war risk insurance act, to which it corresponds.

Section 200: For the provision that death or disability must result from injury suffered or disease contracted in line of duty on or after April 6, 1917, and before July 2, 1921, this section substitutes the provision for payment if the injury was suffered or the disease was contracted in the "military service."

Where the existing statute does not contain any ultimate limit as to the time the injury or disease must have occurred, section 200 states July 2, 1921, as the last date of the period. This ultimate date, July 2, 1921, is continued throughout the section, so that the provision of the section applies only to those injuries suffered or diseases contracted between the dates April 6, 1917, and July 2, 1921.

Coming to the presumption of service connection of diseases, encephalitis lethargica has been added to those diseases included within the presumption. Thus, under the new provision, if a neuropsychiatric disease, an active tuberculous disease, or encephalitis lethargica developed prior to January 1, 1924, the section provides that it shall be conclusively presumed to have been acquired or aggravated in the service between the dates mentioned.

Section 201: The schedule contained in this section changes slightly the present provisions in subdivisions (b) and (e). Subdivision (b) changes the compensation allowed for the widow and two or more children from $42.50 in all cases, as at present, to $40 for a widow with two children with $5 for each additional child. Subdivision (e) omits the present limitation to the allowance provided for additional children, the new provision authorizing payment of $5 for each additional child, irrespective of the number. Subdivision (f) omits the present provision that "compensation shall be payable for the death of but one child, but no compensation for the death of the child shall be payable if the dependent mother is in receipt of compensation under the provisions of this article for the death of her husband."

Subparagraph (1) increases the allowance for burial expenses to $150, instead of $100 as at present allowed.

Subparagraph (7) contains the new provision that no change in rates of compensation made by the new act shall be retroactive in effect. This subparagraph also provides that the receipt of a gratuity, pension, or compensation by the widow or parent on account of the death of any person shall not bar the payment of compensation on account of the death of any other person.

Section 202: Subparagraph (1) contains the new provision that monthly compensation shall be payable monthly or semimonthly, as the director may prescribe.

Subparagraph (3) changes somewhat the description of the conditions which shall be deemed permanent total disability. The present statute reads that the loss of certain members, or becoming helpless and permanently bedridden, shall be deemed to be total permanent disability, whereas S. 2257 provides that the permanent loss of the use of such members, or becoming permanently helpless or permanently bedridden, shall be deemed to be total permanent disability. There is also added to this class the condition of the loss of hearing of both ears.

Subdivision (4): In the second paragraph of this subdivision there is a new provision introduced. This change provides that ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from injuries in civil occupations similar to the occupation of the injured man at the time of enlistment, whereas the present language of the statute provides only that the rating shall be based upon the average impairments of earning capacity resulting from injury in civil occupation. The language "similar to the occupation of the injured man at time of enlistment" is new.

Subdivision (5) increases the allowance for a nurse or an attendant to $50, in all cases in the director's discretion. The present statute allows this amount only in case the injured person is armless, legless, or blind, the allowance in other cases being limited to $20.

Subdivision (7) is entirely new, providing a special rate of compensation at $20 a month for insane persons, having no dependents, who are maintained in bureau hospitals. A further provision made is that if the patient shall recover and be discharged from the hospital as cured an additional amount of $60 will be paid to him for each month the

rate of compensation is reduced. This subdivision also provides that the compensation of any inmate of an asylum or hospital for the insane may, in the discretion of the director, be paid to the chief officer of the institution, to be used for the benefit of the inmate, this being a slight extension of the exact law, which authorizes the director to pay benefits to the chief executive officer of any Government or State institution for the insane.

Subdivision (8) continues the present provision concerning allotments of compensation by patients in hospital and adds a provision authorizing the director to require the deposit of three-fourths of the compensation to the patient's credit in the Treasury, in the event that the patient is retarding his own progress to recovery by reason of gross dissipation.

Subdivision 10 continues the existing provision with respect to making hospital facilities available for treatment of veterans of the Spanish-American War, the Philippine insurrection, the Boxer rebellion who are suffering from neuropsychiatric or tubercular ailments or diseases. It adds to this class of beneficiaries veterans of the World War and also adds to the class of ailments "encephalitis lethargica, or the loss of sight of both eyes." It adds a further provision that so far as the director shall find that existing Government facilities permit he is authorized to furnish hospitalization to honorably discharged veterans of any war, military occupation, or military expedition since 1897, without regard to the nature of origin of their disabilities, if such veterans have no adequate means of support and by reason of their disability are incapable of earning their living.

Subdivision 11 authorizes the director to sell surplus property and material in the same manner as now pertains to the Secretary of War. This is new. The provision that the director may make regulations regarding the disposal of articles made by patients in the course of their treatment is a reenactment of existing law, the language "or to allow the patients to sell or to retain such articles" being a slight modification of the present provision.

Subdivision 12 provides for the apportionment of compensation where the disabled person is a patient in a hospital. This part of the subdivision is new.

Subdivision 15 continues the existing law, with the exception contained in subparagraph 7 of section 201 with respect to death benefits.

Other than the changes noted, section 202 reenacts existing law.

Section 203 corresponds to a provision of the war risk insurance act, except that it refers also to neglect to submit to examination, providing that no compensation shall be payable while neglect to submit to examination continues, as well as continuing the present provision that no compensation will be payable while refusal or obstruction continues.

Section 204 makes no change in existing law.

Section 205 continues the existing law, but adds that except in cases of fraud participated in by the beneficiary no reduction in compensation shall be made retroactive. There is the further addition that a reduction or discontinuance of compensation will not take effect until the first of the second calendar month after the finding on which it is based.

Section 206 is a revision of the section providing that compensation will not be payable unless death or disability for which claim is made occurs prior to or within one year after discharge or resignation from the service. The exceptions to this general provision are where there is official record of injury during service or at time of separation from active service or where satisfactory evidence to establish the injury suffered or aggravated during service is submitted within one year of the approval of this act. The section as modified entirely omits any reference to certificates of injury.

Section 207 continues existing provisions.

Section 208 makes no change in the existing law.

Section 209 makes no change in existing provisions.

Section 210 reduces the time for which retroactive payments of compensation may be made, allowing compensation to be paid for not more than one year prior to the date of claim, instead of two years, as under the present statute, and allowing increased compensation to be paid for not more than six months prior to the date of claim, instead of not more than one year, as under the present statute. There is further added the provision that, except in case of fraud participated in by the beneficiary, no reduction in compensation shall be made retroactive.

Section 211 continues existing law.

Section 212 is new. This states the intent of the act to provide a system of relief for persons who are disabled and for the dependents of those who died as a result of disability suffered in the military service between April 6, 1917, and July 2, 1921. It further provides that the laws relating to the retirement of persons in the military or naval service shall not be considered laws providing for payments of gratuities or pensions within the meaning of this section, and continues the existing provision that compensation shall not be paid while person is in receipt of service or retirement pay. However, the service pay so referred to is specifically designated as active service pay. Another new provision in this section is the distinct and specific language that Titles II and IV (compensation and treatment and rehabilitation) shall not be applicable to any disability or resultant death in the service if the disability occurred as a result of service prior to April 6, 1917, or after July 2, 1921.

Section 213 is a new provision providing for the payment of additional compensation if injury occurs as the result of training, hospitalization or treatment furnished by the bureau, if the injury or death is not the result of the person's misconduct.

TITLE III.

This title is primarily a reenactment of article 4 of the war risk insurance act, to which it corresponds.

Section 300: This is a continuation of the existing law, including a new provision for application by cadets at West Point and Annapolis. There have been omitted, however, certain details concerning yearly renewable term insurance as rights under such insurance are continued under the provisions of Title VI.

Section 301: In the main this is a reenactment of existing law, the only change being the date when all insurance must be converted. Under the present law that date is March 4, 1926. S. 2257 extends that date to July 2, 1926. The significance of the two dates is that March 4, 1926, is five years after the termination of the war as provided by the joint resolution approved March 4, 1921, and the date, July 2, 1926, is five years after the so-called Knox peace resolution.

Section 302 makes no change in the existing law.

Section 303 continues the present law concerning payments where no person within the permitted class of beneficiaries survives; but instead of providing for continuing payments of installments, authorizes the present (commuted) value of the remaining monthly installments.

Section 304 continues the provisions with respect to reinstatement of insurance in the event that all the requirements as to physical condition of the applicant for insurance have not been complied with and the disability is the result of service. There is included, however, the new provision that application for reinstatement under such circumstances must be made within one year after the passage of the act or within two years after the date of lapse.

Section 305: This section is a revision of the third proviso of the present section 408 and is designed to provide for the automatic reinstatement of insurance in those cases where a person entitled to compensation which was uncollected at the time of his death had, during the time he was so entitled to compensation benefits, allowed his insurance to lapse. This will cure the decision in the Schwartz case by declaring that the increase in compensation made under the schedule adopted December 24, 1919, shall be construed as due from the date retroactive payments were effective. It will also permit a revival of a proportionate part of the insurance when the amount of compensation was not sufficient to pay the premium on the total amount that had lapsed.

Section 306 (as renumbered): The new provision in this section is the automatic waiver of the payment of premiums in the cases of persons mentally incompetent for not more than six months after the appointment of a guardian.

Section 307 (as renumbered) makes no change in the existing law.

TITLE IV

This title is a reenactment of the existing statute with respect to vocational training furnished by this bureau.

Section 400 changes the existing law by establishing the ultimate time limit in connection with dates between which the disability must have been incurred to entitle a man to vocational training. This date (July 2, 1921) corresponds with the date of limitation in connection with compensation. The section likewise has incorporated a new provision that the disability must not have resulted from the man's own willful misconduct in order to entitle him to the benefits of training.

Section 401: This section is a reenactment of existing law with the exception of the ultimate date of the period during which training may be furnished, which is set as June 30, 1926. It also authorizes payment of training allowance semimonthly in the discretion of the director and slightly increases the allowance for dependents.

Section 402 makes no change in existing law.

Section 403 is a reenactment of existing law with the addition of the definite limit set as June 30, 1925, after which no course of training may be commenced.

Section 404 extends the time for filing applications for vocational training from December 16, 1922, the present limit, to June 30, 1923.

Section 405 is a new provision establishing June 30, 1926, as the date beyond which no training may be granted or continued or training allowance paid.

TITLE V

This title reenacts the penalties contained in the various parts of the existing laws, making them applicable with existing force to acts committed in connection with claims for vocational training, as well as for compensation and insurance; otherwise there is no change in the existing law except the addition of a new section (section 505), which provides that every guardian or person having in charge in a fiduciary capacity any benefits payable to his ward by the bureau, who shall embezzle the same or fraudulently convert the same to his own use, shall be punished by fine or imprisonment, or both.

TITLE VI

This title contains the repealing features and saving clauses of the act.

Section 600 is a definite repeal of certain acts.

Section 601 is the repeal of certain acts and the substitution of sections in the codification therefor.

Section 602 saves the rights and liabilities accrued under any claim made prior to the passage of this act or any suit commenced before the repeal.

Section 603 makes continuing all offenses committed or penalties or forfeitures incurred under any law repealed.

Section 604 continues all acts of limitation under the laws repealed.

Section 605 (as renumbered) contains the usual provision that if any clause, section, paragraph, or part of the act shall be adjudged invalid, such judgment shall not affect the remainder of the act which shall be confined in its operation to the particular portion involved in the controversy in which the judgment is rendered.

Aside from the changes and omissions noted in the foregoing text, there are two subjects which have been entirely omitted from the present bill. No reference to marines' and seamen's insurance is contained in S. 2257, but rights and liabilities accrued and suits commenced are saved by the repealing sections. This is entirely proper as the benefits granted by marines' and seamen's insurance provisions are now entirely obsolete, the statute being continued at present merely for the purpose of closing the books.

Another feature entirely omitted is that of allotment and allowance. This also is obsolete, as all current benefits ceased July, 1921. Any rights accrued under the article of the war risk insurance act providing these benefits, however, have been saved in Title VI of S. 2257.

The present provision authorizing allowances to the commissioned personnel detailed from the Public Health Service not enjoyed by other medical personnel of the bureau is omitted. This will place all of the medical personnel of the bureau in the same status as civilian employees of the bureau.

The details concerning yearly renewable term insurance have been omitted as mentioned in connection with section 300. Otherwise there have been no other omissions of existing provisions except those which concern the minor administrative matters, properly and obviously subject for regulation, and a few sections rendered ineffective because of amendment or lapse of time or otherwise obsolete. An illustration of this class of omissions is section 24 of the war risk insurance act, which provided that the Bureau of War Risk Insurance, so far as practicable, shall, upon request, furnish information to and act for persons in the military service with respect to contracts of private insurance. Such provisions as these contribute nothing to current administration, and therefore have been omitted as unnecessary.

PETITIONS AND MEMORIALS

Mr. McCORMICK. I ask unanimous consent to present for inclusion in the RECORD and reference to the Committee on Foreign Relations some half dozen telegrams and a letter.

There being no objection, the telegrams and letter were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *April 28, 1924.*

Senator MEDILL MCCORMICK,
United States Senate, Washington, D. C.:
I urge your support of world court.

F. E. GILLESPIE,
Instructor, University, Chicago.

DETROIT, MICH., *April 29, 1924.*

Senator MEDILL MCCORMICK,
Office of the Senate, Washington, D. C.:
I want the world court reported favorably out of committee May 1.

ELEANOR ELLIS PERKINS,
Evanston, Ill.

CHICAGO, ILL., *April 27, 1924.*

Hon. MEDILL MCCORMICK,
United States Senate, Washington, D. C.:
Teacher political science University Chicago supports World Court.

HAROLD F. GOSNELL.

CHICAGO, ILL., *April 28, 1924.*

MEDILL MCCORMICK,
United States Senate, Washington, D. C.:
Thousands of your constituents expect your support World Court plan.

N. A. TOLLES.

CHICAGO, ILL., *April 28, 1924.*

Senator MEDILL MCCORMICK,
Washington, D. C.:
We faculty members and graduates, University of Chicago, organized to study international relations express our conviction that refusal of Senate to enter World Court would be disaster of first magnitude and wholly inconsistent with America's traditional policy looking toward establishment of supremacy of law in international affairs.

THE DIPLOMATIC CLUB,
NORMAN BECK, *President.*

NEW YORK, N. Y., *April 17, 1924.*

Senator MEDILL MCCORMICK,
Foreign Relations Committee,
United States Senate, Washington, D. C.:
Earnestly hope public hearing on World Court will be arranged at an early date.

ROBERT FULTON CUTTING.

NEW YORK, N. Y., *April 17, 1924.*

Hon. MEDILL MCCORMICK,
Senate Chamber, Washington, D. C.:
Respectfully and earnestly request Foreign Relations Committee hold public hearing on World Court resolution at earliest possible date.

EVERETT COLBY.

WASHINGTON, D. C., *April 17, 1924.*

MEDILL MCCORMICK,
1801 F Street NW., Washington, D. C.:
Respectfully urge that a subcommittee be appointed to hear arguments respecting the adherence by United States to Permanent Court of International Justice on terms submitted February, 1923, by President Harding and Secretary Hughes, later recommended by President Coolidge and approved by many bodies of citizens throughout the country.

GEORGE W. WICKERSHAM.

HOTEL NEWCOMB,
QUINCY, ILL., *April 24, 1924.*

Senator MEDILL MCCORMICK,
United States Senate.

DEAR SIR: In behalf of the Quincy branch of the American Association of University Women I am writing to ask you to support the Harding-Hughes world-court proposal, and to use your influence with the Foreign Relations Committee for action before Congress adjourns.

Yours respectfully,

Miss BEULAH W. PRANTE,
Branch Secretary American Association of University Women.

Mr. WARREN presented telegrams in the nature of memorials of sundry citizens of Lander and sundry citizens and business firms of Douglas, in the State of Wyoming, remonstrating against any immediate amendment of the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. NEELY. I present a large number of memorials, resolutions, telegrams, and letters in the nature of memorials of sundry citizens and various organizations in the State of West Virginia, remonstrating against any amendment of the transportation act of 1920, with particular reference to section 15a, which I ask may be referred to the Committee on Interstate Commerce.

There being no objection, the memorials, resolutions, telegrams, and letters in the nature of memorials from the following citizens and firms in the State of West Virginia were referred to the Committee on Interstate Commerce:

H. A. Abbott, cashier, the Grafton Banking & Trust Co., of Grafton; Beckley Chamber of Commerce, the Kiwanis Club of Beckley, the Rotary Club of Beckley; Chamber of Commerce of Bluefield; Crescent Glass Co., of Wellsburg; Davidson Porcelain Co., of Chester; the Dean Coal & Mining Co., of Elk Garden; Eagle Manufacturing Co. and the Erskine Glass & Manufacturing Co., of Wellsburg; O. Jay Fleming, vice president, First National Bank of Grafton; Follansbee Bros. Co., of Follansbee; George & Sherrard Paper Co. and Hammond Bag & Paper Co., of Wellsburg; the Kanawha Coal Operators' Association, of Charleston; N. F. Kendall, cashier and vice president Taylor County Bank, of Grafton; E. M. Knowles China Co., of East Liverpool, Ohio; Logan Coal Operators' Association, of Logan; Merchant & Evans, of Warwood; Merchants and Mechanics Saving Bank, of Grafton; New River Coal Operators' Association, of Mount Hope; Norfolk & West-

ern Railway employees, of Roanoke, Va.; Oil Well Supply Co., Parkersburg Grocery Co., Parkersburg Rib & Reel Co., and Parkersburg Supply Co., of Parkersburg; Pendleton & Hedges, of Spencer; Pocahontas Operators' Association, of Bluefield; E. V. Romig, mayor of the city of Keyser, Keyser; the Rotary Club of Huntington; Smith Big Vein Coal Co., of Elk Garden; Snider Bros. (Inc.), of Keyser; the Taylor Smith and Taylor China Co., of Chester; U. S. Corrugated Fiber Box Co. and Warwood Tool Co., of Wheeling; Weirton Steel Co., of Weirton; Welch Chamber of Commerce, of Welch; W. E. Wells, secretary and treasurer the Homer Laughlin China Co., of Newell; the Kiwanis Club and West Virginia Pittsburgh Coal Co., of Wellsburg; the Chamber of Commerce of Williamson; the Willison-Earle Co., of Clarksburg, and the Winding Gulf Operators' Association, of Beckley.

I also present a number of petitions and letters in the nature of petitions from various citizens and organizations in the State of West Virginia, favoring the immediate repeal or modification of the Esch-Cummins law, especially the section relative to the Railway Labor Board, which I ask may be referred to the Committee on Interstate Commerce.

There being no objection, the letters and communications in the nature of petitions from the following citizens and organizations in the State of West Virginia were referred to the Committee on Interstate Commerce:

Kendall R. Hagen, C. F. Casper, John A. Cox, and C. E. Adams, of Parkersburg; C. E. Hosler chairman Order of Railroad Telegraphers, of Grafton; H. H. Goudy, Brotherhood of Railroad Trainmen, of Fairmont; J. A. Diehl, Order of Railroad Telegraphers, of Hartford; B. B. Glover and E. H. Cochran, of Reader.

REPORTS OF COMMITTEES

Mr. BALL, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5855) to fix the salaries of officers and members of the Metropolitan police force and the fire department of the District of Columbia, reported it with amendments.

Mr. CURTIS, from the Committee on Rules, to which was referred the resolution (S. Res. 197) directing the Secretary of War and the Secretary of the Navy to cooperate in the appointment of a joint commission to report to the Senate respecting the use of the radio stations of the War and Navy Departments for the broadcasting of the proceedings of Congress, reported it with amendments.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LODGE:

A bill (S. 3199) to authorize the payment of an indemnity to the Government of China on account of the killing of two of her nationals by members of American military forces; to the Committee on Foreign Relations.

By Mr. McKINLEY:

A bill (S. 3200) for the relief of Frank J. Young; to the Committee on Claims.

A bill (S. 3201) for the relief of Lieut. Col. Charles Burnett, Cavalry; Maj. Philip R. Faymonville, Ordnance Department; First Lieut. Warren J. Clear, Infantry; and Second Lieut. Thomas G. Cranford, jr., Coast Artillery Corps; to the Committee on Military Affairs.

By Mr. RANSDELL:

A bill (S. 3202) for the relief of Lieut. (Junior Grade) Thomas J. Ryan, United States Navy; to the Committee on Naval Affairs.

By Mr. JOHNSON of Minnesota:

A bill (S. 3203) for the relief of Joseph Harkness, jr.; to the Committee on Claims.

A bill (S. 3204) to amend the act known as the Federal reserve act, approved December 23, 1913, as amended by an act approved March 3, 1919; and

A bill (S. 3205) to amend the act known as the Federal reserve act, approved December 23, 1913, as amended by an act approved March 3, 1919; to the Committee on Banking and Currency.

By Mr. RALSTON:

A bill (S. 3206) granting a pension to Rebecca Jetmore (with accompanying papers); to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 3207) for the relief of Lemuel Simpson (with accompanying papers); to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 3208) to increase the limit of cost of the public building at Williamson, W. Va., and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. McKINLEY:

A joint resolution (S. J. Res. 118) to authorize the United States Shipping Board to adjust the claim of the Near East Relief; to the Committee on Commerce.

SALARIES OF LEGISLATIVE OFFICERS AND EMPLOYEES

Mr. MOSES submitted an amendment intended to be proposed by him to the bill (H. R. 8262) to fix the compensation of officers and employees of the legislative branch of the Government. which was referred to the Joint Select Committee on Readjustment of Compensation of Officers and Employees of Congress, and ordered to be printed.

TOLLS ON MERCHANT SHIPS IN THE PANAMA CANAL

Mr. RANSDELL submitted an amendment intended to be proposed by him to the bill (S. 2400) providing that the Panama Canal rules shall govern in the measurement of vessels for the imposition of tolls, which was referred to the Committee on Interoceanic Canals, and ordered to be printed.

AMENDMENTS TO TAX-REDUCTION BILL

Mr. JONES of New Mexico submitted two amendments intended to be proposed by him to House bill 6715, the tax-reduction bill, which were ordered to lie on the table and to be printed.

Mr. McKELLAR and Mr. SHIELDS each submitted an amendment intended to be proposed to House bill 6715, the tax-reduction bill, which were ordered to lie on the table and to be printed.

PRESIDENTIAL APPROVALS

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on April 29, 1924, the President had approved and signed the following acts:

S. 431. An act to extend the time for the construction of a bridge across the Cumberland River in Montgomery County, Tenn;

S. 2108. An act to grant the consent of Congress to the Southern Railway Co. to maintain a bridge across the Tennessee River at Knoxville, in the county of Knox, State of Tennessee; and

S. 2736. An act authorizing use of Government buildings at Fort Crockett, Tex., for occupancy during State convention of Texas Shriners.

AMENDMENT OF WAR RISK INSURANCE ACT

Mr. RALSTON. Mr. President, on January 22 last I introduced a bill to modify or amend the war risk insurance act, which was referred to the Committee on Finance. There has been no action taken by that committee on this bill. I have taken the subject up several times with a member or two of the committee. I was finally given to believe that there might be a reasonable prospect of having my proposed amendments to this act incorporated in the Veterans' Bureau codification act which is before the Senate, but this morning I was informed that there is no such prospect. These proposed amendments are very important ones, in my judgment, and they will mean much to the boys who have attempted and are attempting to carry insurance, but for different reasons have been unable to do so. Therefore, Mr. President, I ask unanimous consent that the Committee on Finance be discharged from the further consideration of the bill (S. 2155) to amend the war risk insurance act.

The PRESIDENT pro tempore. The Senator from Indiana asks unanimous consent that the Committee on Finance be discharged from the further consideration of Senate bill 2155. Is there objection?

Mr. SMOOT. Mr. President, my attention was diverted for a moment. I do not know what the request is, and I ask that it be stated.

Mr. WALSH of Massachusetts. The Senator from Indiana [Mr. RALSTON], in January last, introduced a bill seeking to amend the war risk insurance act. He complains that no action has been taken by the Finance Committee, and has asked unanimous consent to have the committee discharged from the further consideration of the bill.

Mr. SMOOT. Why does the Senator not offer the bill as an amendment to the Veterans' Bureau bill, which is in charge of the Senator from Pennsylvania?

Mr. RALSTON. I had contemplated doing so, but have been informed by the Senator from Pennsylvania this morning that, in his judgment, there is no show to have the amendments provided for in my bill incorporated in the measure in his charge.

I wish to have an opportunity to present them to this body in order to show that the bill as I have tendered it should be passed.

Mr. SMOOT. The Senator may offer the bill as an amendment to the bill providing for a revision of the laws affecting the Veterans' Bureau.

Mr. RALSTON. I understand that; but the Senator from Pennsylvania this morning told me that, in his judgment, there was no prospect for my bill to be incorporated as amendments in that measure.

Mr. SMOOT. The Senator can offer his amendment, no matter who objects to it, when the Veterans' Bureau bill is up for consideration, and then the Senate will decide whether it wants to put the amendment on that bill, just the same as the Senate will decide whether it desires to pass the bill of the Senator from Indiana as a separate measure. I should like to have the Senator withhold his request, at least until later.

Mr. RALSTON. If I can get some assurance that there is going to be serious consideration given to my proposed amendments, I will withold the request, but I have not been able to get anybody to encourage me as yet that any action will be taken on my bill.

Mr. REED of Pennsylvania. Will the Senator from Indiana yield to me?

Mr. RALSTON. Certainly.

Mr. REED of Pennsylvania. I do not agree with the suggestions in the Senator's proposed amendments, and I would oppose their being adopted as a part of the veterans' code measure; but I agree with the Senator that he is entitled to have the opinion of the Senate. I suggest that the bill might just as well come out from the committee and go to the calendar. Then it may be debated at the next call of the calendar, and in that way the Senator can get the judgment of the Senate upon it.

Mr. RALSTON. I acted upon the suggestion of the Senator from Pennsylvania in making my request.

Mr. SMOOT. Mr. President, the only thing that I had in mind was that it might appear, on account of the motion to discharge the Finance Committee, that the committee had been negligent in not considering the bill, and that the only way it could be considered was to have the committee discharged.

Mr. WALSH of Massachusetts. Of course, the Senator from Indiana can offer his bill as an amendment to the bill that is under consideration affecting the Veterans' Bureau, but he prefers to present it as a separate measure, and I do not see why the chairman of the committee can not agree that the committee may be discharged so that the bill may go upon the calendar in regular order.

Mr. SMOOT. With that understanding, I do not object to letting the bill go to the calendar.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Indiana that the Committee on Finance be discharged from the further consideration of Senate bill 2155? The Chair hears none; the committee is discharged from the further consideration of the bill, and the bill will be placed on the calendar.

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

Mr. HARRELD. Mr. President, yesterday an amendment was adopted to the pending bill proposing a tax on radio instruments. I desire to give notice that I shall ask for a separate consideration of that item when the bill reaches the Senate.

Mr. SIMMONS. Mr. President, on yesterday the amendments relating to the tax imposed in the bill on radio receiving sets were acted upon without any consideration and adopted. I am advised this morning by a number of Senators that they were out of the Chamber when that action was taken, and that if they had been present they would have voiced some opposition to the amendments. Personally I do not remember being in the Chamber when the matter was taken up. It is not on my account, therefore, that I am going to make a request of the chairman of the Finance Committee. This statement has come to me from several Senators on this side of the Chamber who are deeply interested in the matter and who have committed themselves to their constituents. I ask the chairman of the committee if he will not consent to a reconsideration of the vote by which the amendments to which I have referred were adopted, so that Senators may have an opportunity to discuss them?

Mr. SMOOT. I have no objection to a reconsideration of the vote by which the amendments were agreed to, although I thought that the proper course to pursue would be to have such amendments offered when the bill gets into the Senate.

Mr. DILL. There are two sections, one relating to receiving sets and one to parts.

Mr. SMOOT. Of course that is all radio.

Mr. DILL. I was not here at the time, or I certainly would have objected, because I have an amendment that I desire to offer to that section.

Mr. SMOOT. I have no objection to the request of the Senator from North Carolina; but at this time I ask unanimous consent that the unfinished business be temporarily laid aside for a few moments. I am informed that it will take but a few moments to pass Senate bill 2257, the bill that was under consideration last night when we took a recess. There is but one committee amendment to that bill yet to be voted upon.

The PRESIDENT pro tempore. The Senator from North Carolina asks unanimous consent for a reconsideration of the vote by which the two amendments on page 197, lines 5 to 18, were agreed to. Is there objection?

Mr. DIAL. Mr. President——

Mr. SIMMONS. Does the Senator from South Carolina intend to object?

Mr. DIAL. No; I merely want to entertain the Senate for a few moments.

Mr. SIMMONS. Will not the Senator let us get the order to reconsider before he begins?

Mr. DIAL. Very well.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from North Carolina? The Chair hears none, and the vote is reconsidered.

Mr. SMOOT. I ask unanimous consent that the unfinished business be temporarily laid aside for the purpose of completing consideration of the bill that was before the Senate last night, known as the veterans' bill.

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Senate bill 2257.

Mr. NORRIS. Pending that request, I want to get some information. I was told this morning when I was in committee that the Senate intended to take up this morning the question of making income tax returns public records. I have an amendment which I desire to offer on that question. If the Senate does intend to take up that feature of the bill, I want to offer an amendment. It will be necessary for me to be out of the Chamber a part of the time this afternoon. I would like to get the information, because I want to offer the amendment when the question is reached.

Mr. SMOOT. The first amendment that I shall ask to have considered this morning is the unearned income amendment on page 29 of the bill. I do not know how long that will take. I will assure the Senator from Nebraska, however, that when the item is reached to which he has referred, I shall get word to him so that he can come into the Senate and offer his amendment.

Mr. NORRIS. I thank the Senator.

Mr. SMOOT. I want to add that there are also other amendments to be offered on that subject.

Mr. McKELLAR. I have an amendment to offer to it, which I shall ask may have consideration at the proper time.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Utah?

Mr. DILL. Mr. President, the bill in reference to the Veterans' Bureau is an extremely important measure, and it seems to me that it ought to be discussed here and considered in a number of its phases. I think it would be much better for a time to be agreed upon for the consideration of the bill, in order that Senators who are interested in it may know that it is coming up and be prepared to discuss it. At this time they are not prepared to offer certain amendments which they desire to offer, and, therefore, I do not think we ought to attempt to pass the bill now. Has unanimous consent been given to take up the bill?

The PRESIDENT pro tempore. That was the request of the Senator from Utah [Mr. SMOOT].

Mr. DILL. I do not wish to be put in the position of obstructing the bill, other than I should like to see a time agreed upon for its consideration, in order that Senators may know when it is going to come up.

Mr. SMOOT. All the Senator from Washington has to do is to object to the request for unanimous consent.

Mr. DILL. For that reason, I think I shall object at this time.

Mr. REED of Pennsylvania. I ask the Senator to withhold his objection for the present. We have disposed of all the committee amendments to the bill except one. The measure ought to be sent over to the House of Representatives in order that that body may have a proper opportunity to work on it. The bill has been on our calendar for a month. It is the product of about three months of most tremendous work by the Senator from Massachusetts [Mr. WALSH], the Senator from Nevada [Mr. ODDIE], and myself. It has been threshed around over and over again. I am afraid a postponement of its consideration now is going to work a tremendous hardship to a great number of disabled veterans. It is for their sake that I now ask consideration of the bill.

Mr. DILL. I merely wish to say to the Senator that I have no desire to delay the Veterans' Bureau bill, but the revenue bill is now before the Senate. In my own case, I desire to say that I have a large number of telegrams and letters about certain sections of the veterans' bill. I do not know what they are, and I should like to have sufficient time to examine them and be prepared to present whatever views I may desire to present in connection with the bill. If the Senator from Pennsylvania desires to postpone the consideration of the bill until later in the afternoon, that will be agreeable to me. I am simply asking for a little time until I can be prepared to say what I wish to say about the bill and to offer any amendments I may wish to offer. That was my reason for raising the question in reference to the consideration of the bill at this time.

Mr. REED of Pennsylvania. Might we have it understood, then, that the Veterans' Bureau bill shall be taken up at, say, 3 o'clock this afternoon?

Mr. DILL. Could the bill not be taken up to-morrow?

Mr. SMOOT. I should not like to give consent ahead to take up any bill as against the revenue bill. I am perfectly willing to permit the bill to come up for discussion some time in the morning when there is nothing particularly pressing, but I do not like to agree that at a certain hour to-morrow we shall take up the bill.

Mr. REED of Pennsylvania. Might we not agree that at a certain hour to-day we shall take the bill up and occupy the remainder of the day on it?

Mr. SMOOT. There may be a time when that can be done and not interfere at all with the consideration of the revenue bill. If that time comes, I certainly shall be glad to consent, as the Senator knows.

Mr. REED of Pennsylvania. Would the Senator from Utah be willing to agree that by unanimous consent we might take up the bill at 4 o'clock this afternoon and spend the remainder of the day on it?

Mr. SMOOT. If the bill is only going to consume a half hour, why not make the request that the bill be taken up not later than 5 o'clock?

Mr. REED of Pennsylvania. I have requested that the hour be 4 o'clock because I now understand that the Senator from Washington [Mr. DILL] intends to speak upon the bill. I did not previously know that.

Mr. DILL. I do not see any necessity for rushing the consideration of an important bill like that measure, which has had no consideration by the Senate other than to be read here on yesterday when but a few Senators were in the Chamber. The bill is of extreme importance to the veterans, and, with all due respect and regard for the committee which has framed the bill, there are other Senators who are interested in the legislation in addition to myself. I think the bill ought to go over for the day at least, and it may be that an agreement can be reached to take it up on some other day.

Mr. REED of Pennsylvania. Without any agreement that the bill go over for the day, I should like to say that if an opportunity offers later in the afternoon, I hope the Senator will then agree that the bill may be taken up, for, Mr. President, we have been ready enough to give all kinds of relief to able-bodied veterans, who have votes, and now I wish to see the same consideration given to men who were disabled in the service of their country. We have been trying day after day to get their case before the Senate, and I think they are entitled to claim that much consideration.

Mr. DILL. Mr. President, the Veterans' Bureau bill proposes to appropriate $27,000,000, and it also proposes to revise the entire Veterans' Bureau legislation. I do not, therefore, think it is unreasonable to ask that it go over, at least in order that some of us may be prepared to state whatever position we wish to take with regard to certain sections of the bill.

Mr. REED of Pennsylvania. All I wish to do is to get started on it, and that is where we have had our trouble.

Mr. DILL. For the present, I object.

The PRESIDENT pro tempore. The Chair understands that objection is made to the request for the unanimous-consent agreement asked for by the Senator from Utah [Mr. SMOOT]. The Secretary will state the next amendment passed over on the revenue bill.

Mr. SMOOT. The next amendment passed over is on page 29.

The READING CLERK. The next amendment passed over is on page 29, line 19, to strike out "'Earned income' also means reasonable compensation or allowance for personal service where income is derived from combined personal service and capital in the prosecution by unincorporated persons of agriculture or other business, but not exceeding 20 per cent of the net profits of the taxpayer from the business in connection with which his personal services are rendered," and in lieu thereof to insert:

> In the case of a taxpayer engaged in a trade or business in which both personal services and capital are material income-producing factors, a reasonable allowance as compensation for the personal services actually rendered by the taxpayer, not in excess of 20 per cent of his share of the net profits of such trade or business, shall be considered as earned income.

Mr. SMOOT. The amendment merely proposes a clerical change, Mr. President, and will not, I think, be contested. I do not think there will be any objection to that amendment.

Mr. McKELLAR. I was unable to hear what the Senator from Utah said.

Mr. SMOOT. I have stated that the provision has merely been rewritten for clerical purposes. The contested amendment will be found on page 30, line 19, where the committee propose to strike out "$20,000" and to insert "$10,000."

Mr. DIAL. Mr. President——

Mr. SMOOT. If the Senator has no objection, I should be glad if he would let us agree to the amendment which has just been stated, and then we can take up the next amendment and the Senator can speak on that.

Mr. DIAL. I should like to get the floor pretty soon, Mr. President.

Mr. SMOOT. The Senator can get it just as soon as we agree to the pending amendment and take up the next one.

Mr. SIMMONS. Mr. President, we can not agree to the amendment which has been stated without very considerable discussion. On yesterday afternoon I offered an amendment to this amendment which I think will create considerable debate.

Mr. SMOOT. Does the Senator refer to the amendment which has been stated which provides for striking out certain words and inserting others?

Mr. SIMMONS. I have offered an amendment to the earned-income section.

Mr. SMOOT. But the Senator's amendment is not, I think, to the amendment which has just been stated. His amendment will follow on page 30, where it is proposed to strike out "$20,000" and to insert "$10,000."

Mr. SIMMONS. My attention was diverted for a moment and I did not hear the amendment stated; but I understood it related to earned income. I have no objection to the amendment which has been stated.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment passed over was, on page 30, line 19, after the word "than," to strike out "$20,000" and to insert "$10,000," so as to read:

> (3) The term "earned net income" means the excess of the amount of the earned income over the sum of the earned-income deductions. If the taxpayer's net income is not more than $5,000, his entire net income shall be considered to be earned net income, and if his net income is more than $5,000, his earned net income shall not be considered to be less than $5,000. In no case shall the earned net income be considered to be more than $10,000.

Mr. JONES of New Mexico. Mr. President, I propose two amendments to the bill and ask that they may be printed and lie on the table.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SALE OF COTTON FUTURES

Mr. DIAL. Mr. President, I desire to detain the Senate only for a few moments. In 1921 I introduced a bill to amend the cotton futures contract law. Realizing this was a technical subject, in March, 1922, I had the whole subject referred to the Federal Trade Commission. I wanted it to be investigated most thoroughly, so that Senators could have the benefit of expert testimony, opinions, and findings on the subject.

My contention was that the present law operates injuriously against the grower, because of allowing the wrong party, to wit, the seller, to select and giving him too much latitude to select from, to wit, 10 grades. I offered a remedy to divide the 10 grades into three classes. The Federal Trade Commission on Monday made a report to the Senate sustaining my contention. This report went further, however, recommending certain matters for which I did not contend, and, in fact, which I have opposed. It recommended (1) abolition of New York as a tender market; (2) making New York contracts deliverable in the South; (3) authorizing odd-lot sales—that is, less than 100 bales.

I did not advocate the abolition of the New York market as a delivery market, either. That was outside of anything I contended for; on the contrary, I strongly disagree. The commission recommended that cotton should be delivered on contracts in certain places in the South; that the New York market should be maintained as a trading market, but not for delivery, and cotton should be delivered in certain stations in the South. I did not contend for that. On the contrary, I opposed any such suggestion. To my mind to authorize delivery in the South on New York contracts would be very injurious to the price of cotton. The trouble to-day is that a large amount of uninvested wealth in New York is used to cause violent fluctuations and to manipulate the market. One reason to-day why the market does not go lower is because delivery might be requested of the contracts in New York, and, of course, the commodity would bring a higher price there than it would if it could be delivered in the South. It is just like potatoes, for instance; if you had a contract to sell potatoes they could be sold cheaper in Maine, where they are grown, than in New York. Just so as to cotton. For this kind of proposition to be enacted into law would be very injurious, according to my ideas, to the growers of cotton.

Some arguments were produced to sustain that contention. I did not include it in my bill. In fact I opposed it before the Federal Trade Commission, and there is nothing pending in Congress, so far as I know, to carry out that suggestion of the Federal Trade Commission; and I very much fear the commission did not give it the very careful study that it ought to have given it. My contention is that the law as it exists to-day is wrong, because the wrong party to the contract—to wit, the seller—has the right to select any one or all of 10 grades in which he can deliver the contract. In other words, the wrong party to the contract has the right of selecting the quality of the contract. Then it is wrong in the second respect because it gives the seller too much latitude to select from. Therefore the contract, of course, is a depreciated contract, and it fixes the price of the actual cotton. That is where the wrong comes in, and that is what the Federal Trade Commission sustains, and that is all my bill meant, all I ask for, and all that I advocated.

This matter has been before the Agricultural Committee for something like two years or longer, and it has neglected to make a report. I have pending a motion, which I propose to bring up at the first opportunity, to discharge the committee from further consideration of the bill. I feel, with all due respect to the committee, that they are taking naps on the job. As a remedy for this condition, the southern Senators and Congressmen ought to have a meeting and get together like business men and agree on the subject.

The South is in a bad condition as to agriculture. On account of the wide and wild fluctuations of cotton manufacturers are not able to sell their goods; hence, they are piling them up. Converters and, in fact, all buyers of goods are withdrawing from the market. Mills are compelled to shut down, and labor is being thrown out of employment without any fault of theirs, and they are leaving our section. This is more serious in the South than it has ever been heretofore. Our mill laborers are of the best class and are anxious to work. Before the advent of the boll weevil, if laborers should lose their employment in the South, they could go on some one's farm and get work until employment would be opened up in some other line, because at that time we all knew that some cotton could be produced, but since the boll weevil is present it is doubtful whether one can produce any cotton, so many people to-day are unwilling to finance the operations of farming, especially where they are not compelled to do so. At least they are reluctant to expand. Therefore labor is thrown out of employment, and a great deal of suffering will ensue.

Mr. President, I hope to bring up this subject at an early date, and I am going to press for passage of my amendment.

Mr. SMITH. Mr. President, on yesterday, I believe, my colleague introduced an amendment to the law looking toward the regulation in reference to the buyer of a contract. I want to state here, because I have already given a statement to the press as to the rules and regulations governing the exchange in reference to the seller having certain privileges as to notice of intention to deliver without like privileges on the part of the buyer to serve notice under what conditions he would demand specific fulfillment, that I think the amendment my colleague has introduced, if put in the proper shape—and I have not yet had time to study it as closely as I intend to—will have more effect upon the stabilizing of prices under present conditions than perhaps anything that has yet been introduced. It gives the buyer the same opportunity at the expiration of his contract to say under what conditions he intends to demand specific fulfillment as the seller now has of stating almost entirely at his own pleasure when he intends to offer or give notice that he will deliver.

Mr. DIAL. Mr. President, I am glad to have my colleague's approval of the amendment I offered yesterday. It is one that he and I have been discussing for some time, and I agree with him that it will help a good deal, but whether or not it goes far enough, I am frank to say that I do not know. I certainly thought the other two parts of my former amendment would help to stabilize prices a good deal, and I agree with him. I think this would improve the proposition greatly. Possibly there should be some more amendments put in along that line, but we should endeavor to give each party to the contract an equal opportunity. I think we can improve this proposition greatly, and I am satisfied that the southern Senators will get together and do that, and thereby we will help our people.

My colleague has made different speeches on the subject, and he is on the right line in saying that unlimited short selling should be prevented. That is entirely right, but I confess I do not know how to limit it. How much we should limit it, whether to the amount of the crop of cotton grown that year or in some other way, I confess I do not know; but my amendment would automatically limit it in a great measure, because it would make the party specify the quality of the cotton he was contracting to sell. Therefore, he would not sell to such an extent nor with such ease and rapidity. I am persuaded to believe the days of unlimited short-selling are drawing to an end.

The report of the Federal Trade Commission is a very voluminous document. It has not been printed. The Senate yesterday passed a resolution authorizing it to be printed, and I have read but very little of the report. It is several hundred pages in length. The commission, however, made a synopsis of its findings, which is very short. It does not take up a column in a newspaper, and I see that it is quoted in the News and Courier of my State, and also in some other papers. I ask unanimous consent that the synopsis made by the Federal Trade Commission of its findings be printed in the RECORD. It is just one column, I believe.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

The matter referred to is as follows:

[From the News and Courier, Charleston, S. C., Monday April 28, 1924.]

ADVOCATES CHANGE OF PRACTICES ON COTTON EXCHANGES—REPORT OF TRADE COMMISSION TO BE TRANSMITTED TO THE SENATE TO-DAY—REVISIONS ARE RECOMMENDED—INQUIRY MADE IN RESPONSE TO ALLEGED VIOLATION OF ANTITRUST LAWS

WASHINGTON, April 27.—Revision of trading practices on the Nation's cotton exchanges is recommended by the Federal Trade Commission in a report on the cotton industry to be transmitted to the Senate to-morrow.

The report made public to-night is in response to a resolution directing the commission to investigate alleged violations of the antitrust laws by cotton exchange and cotton dealers, and the effect of such alleged violations on spot-cotton prices.

The commission recommended revision of grades of cotton deliverable on future contracts, changes in the system of making spot-cotton quotations and differences, delivery on New York future contracts at southern ports, and publication of the total volume of futute and open trades. No proof could be obtained, the commission reported, on charges that cotton merchants have pooled their interests to manipulate future prices or of any attempt to restrict competition in the trade.

CONTIGUOUS GRADE CONTRACT

"A three contiguous grade contract," providing that delivery on each contract shall be composed of not more than three adjacent or contiguous grades of cotton, was recommended for future dealing. This system, the report said, should be used only on condition that the southern warehouse delivery system is adopted.

More accurate spot quotations, the commission claimed, would give true commercial differences for use in settlement of the future contracts which make for a more stable relation between spot and future prices and therefore for a better market.

The report pointed out that both the producer, merchant, and manufacturer are entitled to know what prevailing prices of cotton are, as shown by actual sales, not only for middling, but for all other grades of cotton.

To establish accurate spot quotations and correct differences, the commission recommended uniformity of procedure in determining them, that all pertinent price information be reported for every sale and be made the basis of the spot quotations and differences by mathematical computation, and that such information be verified by competent "classers." The feasibility of taking a weighted instead of a simple average for settlement of the future contract should be considered.

FURNISHES SAFE HEDGE

Supporting its recommendation of some form of southern delivery on New York contracts, the commission said:

"The strongest claim for a futures market is that it furnishes a safe hedge for cotton merchants. This the New York market does not always do; in fact, it is frequently manipulated, its prices being forced out of line. It is a truism to say that for some years past the New York futures market has failed to perform satisfactorily its chief functions.

"There are asserted objections to abolishing the New York futures market. New York has an important advantage over any other city in the United States; it is the financial and trading center of the world. It is stated by some cotton merchants that New Orleans has a better contract than New York in that delivery takes place at a large spot market.

"But the volume of trading in futures at New York is much greater than that at New Orleans. But it is believed that this time it is the part of wisdom to try to retain the better features of the New York futures market. Much of the ground for criticism will be eliminated by the adoption of some system of southern warehouse deliveries on New York contracts. Southern deliveries will do much to eliminate manipulation and determine New York future prices in their proper relation to spot prices."

ABOUT SOUTHERN DELIVERY

The commission recommended that the number of southern delivery points be few, and at present only Atlantic and Gulf ports. Delivery, inspection, and certification of cotton at the southern ports should be under rigid Government supervision, and tender of cotton on futures at New York should be no longer permitted.

The commission asked that consideration be given to a reduction in the size of the contract delivery (100 bales). The value of the present contract, with cotton at 20 to 30 cents, "seems entirely out of proportion with the value of the deliveries on future contracts for wheat, corn, and oats," said the report, adding that a reduction of the size of the delivery would render the contract more merchantable and at the same time would permit closer hedging.

The commission suggested that a prohibitive tax on cotton "puts and calls" like that now in force for grain be enacted, "thus contributing to the elimination of such trading which is now prohibited by the rules of both of the cotton exchanges."

TAX REDUCTION

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 6715) to reduce and equalize taxation, to provide revenue, and for other purposes.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment of the committee.

Mr. KING and Mr. WALSH of Massachusetts. Let the amendment be stated.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The READING CLERK. On page 30, line 19, it is proposed to strike out "$20,000" and insert "$10,000," so as to make the paragraph read:

(3) The term "earned net income" means the excess of the amount of the earned income over the sum of the earned income deductions. If the taxpayer's net income is not more than $5,000, his entire net income shall be considered to be earned net income, and if his net income is more than $5,000, his earned net income shall not be considered to be less than $5,000. In no case shall the earned net income be considered to be more than $10,000.

Mr. SIMMONS. I desire to offer an amendment.

Mr. KING. Does the Senator desire to discuss this particular amendment?

Mr. SIMMONS. No; I do not. I was about to offer an amendment. I send an amendment to the desk, which I ask to have read.

Mr. SMOOT. I have no objection to it at all.

Mr. SIMMONS. I do not know whether I have correctly stated the place at which the amendment is to be inserted, but it ought to come in on page 30, line 20.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from North Carolina.

The READING CLERK. On page 30, beginning with line 21, the Senator proposes to strike out all of subsection (b) and subsection (c), and to insert in place thereof the following:

(b) In the case of an individual who is taxed under the provision of section 210 the tax shall, in addition to the credits provided in section 222, be credited with 25 per cent of the amount of tax which would be payable on a total ordinary net income equal in amount to his earned net income as defined in this section.

Mr. SMOOT. I have no objection to the amendment.

The PRESIDENT pro tempore. The question now is on the amendment found in line 19, page 30.

Mr. SMOOT. I understand that the committee amendment has been agreed to.

The PRESIDENT pro tempore. It has not been agreed to.

Mr. KING. That was the reason why I interrupted the Senator from North Carolina.

The PRESIDENT pro tempore. The question is on agreeing to the amendment on line 19, page 30.

The amendment was agreed to.

The PRESIDENT pro tempore. Now, the question is upon agreeing to the amendment proposed by the Senator from North Carolina.

Mr. SIMMONS. I recognize that probably my amendment is not in order now, and if the Senator from Utah prefers, I am perfectly willing to have it go over.

Mr. SMOOT. It might just as well be acted on now.

Mr. SIMMONS. I am very glad to know that the Senator from Utah [Mr. SMOOT], the chairman of the Finance Committee, finds this amendment acceptable to him.

It has developed that under the bill as reported by the committee a taxpayer with an income of $100,000 would get eight times as much exemption from taxation under the $10,000 limit as the taxpayer whose income amounted to only $10,000 or less would get; making a very glaring inequality in the benefits conferred by the provision. Of course, if the proposition that came from the Treasury Department in the original bill had been adopted that disparity would have been even greater, enormously greater. The purpose of this amendment, and it undoubtedly will accomplish that purpose, is to allow all taxpayers the same amount of exemption on earned incomes of $10,000, or up to $10,000—that is, the man whose income is $100,000 shall take his tax exemption out of the first $10,000 of taxable income, and the man whose income is only $10,000, of course, as a matter of necessity takes his out of that earned income.

Mr. KING. His 25 per cent.

Mr. SIMMONS. Yes; of his taxable income. Without regard to the amount of his income, each would get the same amount of exemption from taxes as the other would get. That, I think, is a very just provision. I do not want to elaborate it, because I assume there will be no objection to it, the chairman of the committee having said that it is entirely satisfactory to him.

Mr. SMOOT. I have no objection whatever.

Mr. SIMMONS. I want to say that while the House reduced the limit on earned income subject to this deduction to $20,000, and the Finance Committee reduced that limit to $10,000, with the adoption of this amendment I would be perfectly willing to restore the original House limit, or even make that limit greater. I supported a reduction in the committee because, as the bill was then drawn, it was apparent to me that the man with a large income would get very much greater benefit from the bill than the man with small income, and the degree of disparity would increase with the increase in the amount of income. I thought that unfair. But it occurred to me that this amendment might be adopted, operative to correct an inequality, and to allow all taxpayers exactly the same reduction on account of this allowance of 25 per cent off of at least $10,000 of earned income. Unless there is some opposition, I have nothing more to say.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will report the next amendment passed over.

The READING CLERK. On page 31, line 23, under "Normal tax," the committee proposes to strike out lines 23, 24, and 25, all of page 32, and lines 1 to 4 on page 33.

Mr. SMOOT. The Senator from North Carolina wants that amendment to go over, and I ask that it may go over.

The PRESIDENT pro tempore. It will be passed over.

Mr. WALSH of Massachusetts. Mr. President, this bill is now getting into such a condition that we are approaching the very important amendments, and I think it would be of great help to Senators and also expedite the passage of the bill if a calendar could be prepared stating the important amendments which will be taken up from now on in the order in which they will be taken up. For instance, we have yet to consider the normal tax, the surtax, the estate tax, and the corporation tax, and if we knew the order in which they were to be taken up Senators could prepare themselves, be here to hear the discussions, and take an immediate vote after any one of these subjects was thoroughly discussed.

I hope the Senator from Utah will at some time, when he thinks the opportune time has arrived, prepare a calendar, so that Senators will know what important amendments are left undisposed of, and suggest, if he can get unanimous consent to it, the order in which they shall be taken up. I would like to have the opinion of the Senator from Utah on that method of expediting the business of the Senate.

Mr. SMOOT. The suggestion is a very good one; but the Senator knows I have not tried to crowd any amendment in which the Senator from North Carolina or any other Senator was deeply interested. I understand now that the Senator from North Carolina will be ready to proceed to-morrow with the discussion of the normal tax and surtax on individuals, and after that we will make out a list of the amendments in the order in which they are to be considered.

Mr. WALSH of Massachusetts. What I have in mind is this: If, for instance, we know that on Friday the corporation tax amendment will be taken up, and that that day will be given over to a discussion of that amendment; that on Saturday the estate tax amendment will be discussed; and that on Monday some other matter in the bill will be discussed, if we have that information before us we can be prepared to discuss each particular subject and have a vote and dispose of it.

Mr. SMOOT. The suggestion is a good one. The next amendment passed over is on page 47, but the amendment on page 52 ought to be agreed to first. Whatever action is taken on the amendment on page 52 will have a bearing on the action to be taken by the Senate on the amendment on page 47.

Mr. SIMMONS. What is the amendment now to be considered?

Mr. SMOOT. The amendment on page 52.

The PRESIDENT pro tempore. The Secretary will state the amendment.

The READING CLERK. On page 52 the committee proposes to strike out lines 19 to 25, both inclusive, and on page 53 lines 1 and 2.

The next amendment was, in section 214, on page 52, after line 18, to strike out:

(c) The amount of the deduction provided for in paragraph (2) of subdivision (a), unless the interest on indebtedness is paid or incurred in carrying on a trade or business, and the amount of the deduction provided for in paragraph (5) of subdivision (a) shall be allowed as deductions only if and to the extent that the sum of such amounts exceeds the amount of interest on obligations or securities the interest upon which is wholly exempt from taxation under this title.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. SIMMONS. I think the Senator from Pennsylvania [Mr. REED] probably wants to present his views about this amendment. If he does not, I want to present mine.

Mr. REED of Pennsylvania obtained the floor.

Mr. SMOOT. Will the Senator yield?

Mr. REED of Pennsylvania. I yield.

Mr. SMOOT. I want to call the attention of Senators present to the fact that this is a very important amendment.

Mr. SIMMONS. Let us have a quorum.

Mr. SMOOT. I intend to call for one. As I said in the committee, I voted to strike this language from the bill for the very purpose of getting the subject upon the floor of the Senate for discussion. There is a vital principle involved in this amendment; and for that reason I suggest the absence of a quorum, with the hope that Senators will remain in the Chamber while we are discussing the amendment.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Adams	Cameron	Dill	Frazier
Ashurst	Capper	Edge	George
Bayard	Cummins	Edwards	Gerry
Broussard	Curtis	Ferris	Glass
Bruce	Dale	Fess	Gooding
Bursum	Dial	Fletcher	Hale
Harreld	Ladd	Overman	Spencer
Harris	Lodge	Pittman	Stanfield
Harrison	McCormick	Ralston	Stanley
Heflin	McKellar	Ransdell	Stephens
Howell	McKinley	Reed, Pa.	Sterling
Johnson, Calif.	McLean	Sheppard	Swanson
Johnson, Minn.	McNary	Shields	Trammell
Jones, N. Mex.	Mayfield	Shipstead	Walsh, Mass.
Jones, Wash.	Moses	Shortridge	Walsh, Mont.
Kendrick	Neely	Simmons	Watson
Keyes	Norris	Smith	Willis
King	Oddie	Smoot	

The PRESIDENT pro tempore. Seventy-one Senators have answered to their names. There is a quorum present.

Mr. REED of Pennsylvania. Mr. President, the pending amendment will be found on page 52, beginning at line 19. The committee amendment consists in striking out the provision which was recommended by the Treasury Department as a means of putting an end to what has become not only an instrument of unfairness to the Government but a great evil. In substance the provision of the House text was that if a man was in receipt of tax-free interest on securities, municipal or State, he might deduct from his taxable income losses and interest paid by him only to the extent that his losses and his interest paid exceeded the amount of the tax-free income. As I stated it that sounds involved, but it is not an involved idea. Many men reduce the amount of their income tax by charging against their income the interest which they pay on their own loans, and it is proper that they should. Many men reduce their taxable income by deducting from it losses which they have sustained in the sale of securities, and it is proper that they should if the losses are sustained in good faith.

I beg Senators' attention to this because it is really the first phase of one of the biggest questions that the Congress of the United States has got to solve if it is going to retain an income tax law. It is the first effort to reach the evil that has grown up around the issuance of tax-exempt securities, and it is something that deserves the earnest thought of all of us.

The idea of the Treasury Department is not to tax securities which are tax exempt. They do not ask us in this provision to go that far. I have an amendment pending which I shall offer when the committee amendments are disposed of which would reduce——

Mr. OVERMAN. Is the Senator discussing the amendment which he introduced on yesterday?

Mr. REED of Pennsylvania. No; I am discussing the committee amendment on page 52, beginning at line 19, where the committee recommends that there be stricken from the bill the provision which the House put in to limit the amount of losses and the amount of interest that he might deduct from his taxable income. It is proposed to limit him by providing that if a man has a lot of tax-exempt interest coming in from State and municipal bonds, then he may only deduct so much of his losses and so much of the interest that he pays as exceeds the tax-exempt income. That seems a peculiar way to get at it, but it is necessary for the reason that a great many men who borrow heavily put the borrowed money or its equivalent into tax-exempt securities, so that not only is that interest exempt from taxation but the interest that they pay in borrowing money is deductible from their taxable income. The result of that is that we get such paradoxical cases as the estate of William Rockefeller, who had borrowed $31,000,000 and whose estate consisted of $44,000,000 of tax-exempt securities. In other words that man—and we might as well use him as an illustration because the facts of his estate are public property——

Mr. JONES of New Mexico. Mr. President, will the Senator yield?

Mr. REED of Pennsylvania. I yield.

Mr. JONES of New Mexico. Will the Senator state further that the money so borrowed by Mr. Rockefeller was borrowed from his children?

Mr. REED of Pennsylvania. That I believe was the fact as to practically all of it.

Mr. JONES of New Mexico. It seems to me that modifies to a very material degree the inference which might be drawn from the statement of the Senator. I can understand how a man might borrow a large amount of money from his children and pay them interest on it, when he would not be willing to borrow that money from outside sources and pay a rate of interest on it merely for the purpose of having it invested in tax-exempt securities which produce only 4½ per cent interest.

Mr. REED of Pennsylvania. I do not quite agree with the Senator in his conclusion. It seems to me that the fact that it was borrowed from Mr. Rockefeller's children makes it a more

emphatic case. It shows a greater evasion of the income tax law. But let us consider just what the facts were.

Mr. KING. Mr. President, will the Senator permit an inquiry?

Mr. REED of Pennsylvania. I yield to the Senator from Utah.

Mr. KING. I apologize to the Senator for interrupting him. I am not sure that the Senator ought to deduce any general rule for the determination of our policy because of the Rockefeller case. I regard it as sort of an exception. It stands out sui generis. The Senator will recall that the returns for 1922 showed only 241 estates of more than $1,000,000 in value that had any tax-exempt securities held at all, and they were inconsiderable, not sufficient to pay the expenses of administration.

Mr. REED of Pennsylvania. I am taking this case because the facts are all in the public records, and it is no abuse of confidence to discuss it. I believe it is the experience of most of the Members of the Senate that such cases do exist and are common, although I grant that the figures are as the Senator from Utah has just given them. But let me explain just what happened in this particular case and just what can happen in every other case. The amendment we are considering only reaches the cases where that is done.

Rockefeller had two-thirds of his estate in tax-exempt bonds. Forty-four million dollars' worth of tax-exempt bonds constituted two-thirds of his assets. As to that much he sat by and paid no tax, and to that extent the rest of his fellow countrymen were paying for the Government and he was not.

Mr. JONES of New Mexico. Mr. President, may I interrupt the Senator again?

Mr. REED of Pennsylvania. I yield.

Mr. JONES of New Mexico. May I inquire how he invested that borrowed money of $31,000,000?

Mr. REED of Pennsylvania. I do not know any more about Mr. Rockefeller's behavior than has been given by the newspaper accounts, and I do not know what he did with the $31,000,000.

Mr. JONES of New Mexico. Does not the Senator believe that we ought to know that, so as to know whether or not the Treasury has suffered any? If he borrowed $31,000,000, he perhaps purchased other securities with it, and the income from those securities would likewise be subject to tax. I am interested to know how the Senator figures the proposition so that the Government loses any revenue.

Mr. REED of Pennsylvania. I do not claim to be a great mathematician, but I think it is obvious that if the taxable part of his estate consisted of only $20,000,000 and his borrowings consisted of $31,000,000 and his tax-exempt securities consisted of $44,000,000, at least $11,000,000 of his borrowings must have been in tax-exempt securities or else thrown away.

Mr. JONES of New Mexico. May I remind the Senator that there is a provision in the statute which prohibits the allowance of interest for the purpose of buying tax-exempt securities; but if he should do it, I assume that the rate of interest which would be paid for the borrowed money would be at least equivalent to the rate of return upon the tax-exempt securities. If it were not, I can not see the advantage of the transaction. I am unable to satisfy my mind that Rockefeller did not pay his children really in that way a bonus, making gifts to them of the difference in interest, because if he was paying them a rate of interest in excess of the return upon the tax-exempt securities, there certainly must have been some favor involved in the transaction, because there would be no business advantage in it.

Mr. REED of Pennsylvania. If the Senator from New Mexico will have patience with me for just a moment, I think I can show how there was a business advantage in it.

Mr. Rockefeller borrowed $31,000,000. Now, at least $11,000,000 of that must have been spent for tax-exempt securities, because he only had $20,000,000 of taxable securities in his estate when he died. That much we have. Let me show how he worked it. His interest on $44,000,000 of tax-exempt securities was approximately $2,000,000 a year. All of that $2,000,000 was absolutely tax exempt. The interest that he paid his creditors, who happened in this case to be his children, if he paid 6 per cent, was $1,800,000 a year.

Under the law as it stands, and we are trying to correct it, that $1,800,000 was deductible from his taxable income. He had about $20,000,000 of taxable securities. Now, let us suppose that he got a high rate of interest on the $20,000,000. Let us suppose that he got as much as 9 per cent upon all of his taxable estate. It would be absolutely wiped out by the deduction of the $1,800,000 of interest that he was paying to his children. Therefore he got $2,000,000 of tax-exempt income and did not pay one penny of tax on it, and he got 9 per cent on his $20,000,000 of taxable securities and paid no tax on that.

Now, let me apply it to a simpler case. Suppose that I have a business that yields me $50,000 a year; I am running a shop, we will say, or am practicing law, or have investments, and I have $50,000 a year coming in. If I have simply let matters rest there, I have to pay a substantial income tax on that amount, but if I go to my banker and borrow $1,000,000 and put it into 5 per cent municipals—and there are plenty of them coming out every day; one's mail is full of advertisements of them, if he shows the slightest interest in the subject—if I borrow $1,000,000 at 5 per cent and put up the municipal bonds, and perhaps a little more, for collateral, and pay 5 per cent to the bank, what happens? The 5 per cent interest I get on the $1,000,000 of tax-exempts comes in to me, and I pay no tax on it. The $50,000 that I get from my business is entirely wiped out by the interest that I pay, and I have converted a $50,000 taxable income into $50,000 of nontaxable income, and I actually get the same amount net each year, but pay no tax. I pass my share of the burden of paying for the Government over to my fellow citizens. I sit under the umbrella of this tax exemption.

Mr. WATSON. And that is being done right along.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED of Pennsylvania. Will not the Senator let me finish one or two more thoughts?

Mr. BROOKHART. Certainly.

Mr. REED of Pennsylvania. In addition to that there is the man who registers off losses. We all know the phenomenon that occurs on the New York Stock Exchange in the last couple of weeks of the year, especially if prices are down. There is great ado and prices are very much upset each day. The financial column of every newspaper explains it as, "This is the season for registering off losses." What that means in plain English is that every man of wealth has gone to his safe deposit box and thumbed over the papers there to find securities that are then selling on the market at less than he paid for them. He takes them to his broker and he says, "Here, I have $100,000 of Union Pacific 4's; they are down 10 points from what I paid for them; sell them for me and buy me the same amount of Atchison 4's or some other security equally good." Then he goes back with his head up and his conscience untroubled and deducts $10,000 from his taxable income by registering off that paper loss. It is not a real loss; he has merely turned one good bond into another good bond; he has just as much property as he had in the beginning; but he has cut down his taxable income for that year, and the United States is the sufferer.

There are two ways of reaching that kind of gentleman. One is to subject to taxation what is called the tax-free income from future issues of such securities. I have an amendment which I am going to offer when the time comes to try to accomplish that object. The other way, about which there can be no constitutional difficulty, is the method provided here at the suggestion of the Treasury Department; that is, do not let a man register off losses from his taxable income; do not let him charge off interest paid from his taxable income except to the extent that those losses or that interest paid exceeds the amount of his tax-exempt income; so that if I have $5,000 coming to me from tax-exempt bonds and if I am paying $5,000 worth of interest on a loan of approximately the same amount, I can not take the tax-free income and put it in one pocket and then use that deduction to cut down the amount of my properly taxable income in the other pocket.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Nebraska?

Mr. REED of Pennsylvania. I yield.

Mr. NORRIS. Will not the Senator take the same illustration that he gives as to the sale of $100,000 of Union Pacific bonds and the purchase of an equal amount of Atchison bonds and, assuming that the law has been amended as he suggests, see where that illustration will bring us?

Mr. REED of Pennsylvania. Certainly. We will assume that I have $10,000 of taxable income from my business or from ordinary corporation bonds. If I go through the process which I described awhile ago of swapping bonds and registering off a nominal loss, I can deduct that nominal loss from my income, and absolutely wipe it out for the purpose of taxation, although at the same time I may be receiving tax-exempt income for any amount, or, say, $10,000 of tax-exempt income. As the law now stands, under peculiar privileges which we allow to capitalists, the deductions are made first from their taxable income. What we want to do is to make the deductions from their tax-free income. I can not see any reason ethically why they are

entitled to deduct these losses from their taxable income rather than from their nontaxable income. What the amendment provides is that, if a taxpayer registers off his losses on his bonds he has got, in substance, to deduct that loss first from his tax-free income, and then only the excess on it from his taxable income.

Do you not see, Senators, that the present law works all to the advantage of the capitalist? He has all these loopholes that we have left him in the law, so that, without breaking the law in the least, he can cut down his taxes to a small fragment of what they would be if he had paid on his total real income, while the man who works for his living pays up to the last penny, because there is no deduction, there is no loophole open for him. But the capitalist has these tax-frees to put his money into; he has this method of registering off losses, and he has the privilege of charging off his interest. All these things are loopholes for him, but the man who works for what he gets has no similar privilege. There is nothing that corresponds to that in advantage to the worker. The advantage is all to the capitalist.

Mr. BROOKHART. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED of Pennsylvania. I yield to the Senator.

Mr. BROOKHART. I should like to ask the Senator a question. Are the transactions which the Senator has described whereby the taxpayer reduces his taxes a fraudulent evasion of his taxes?

Mr. REED of Pennsylvania. The Senator has not heard the subject under discussion; I think he came in——

Mr. BROOKHART. I did not hear all of it.

Mr. REED of Pennsylvania. I think he came in after the amendment was suggested. It has nothing to do with the taxable earned income or the reduction of the taxes on earned income, but the amendment proposes to strike out a provision that is intended to prevent these evasions.

Mr. BROOKHART. In the case of the transfer of stock that is made on the loss theory, is that a genuine legal switching of property within the law such as an honest court would allow the taxpayer in the reduction of his taxes, or is it a fraudulent evasion?

Mr. REED of Pennsylvania. It is not a fraudulent evasion in a legal sense. The tax law provides, and it always has provided, that a loss suffered on the sale of securities might be deducted.

Mr. BROOKHART. The Senator described a stock transaction which he said did not in fact involve a loss at all, and yet the taxpayer was allowed to deduct it as a loss. Is not that fraud?

Mr. REED of Pennsylvania. It is not a legal fraud; no.

Mr. BROOKHART. The technicality of the law protects the taxpayer in that kind of a situation?

Mr. KING. It is not a question of the technicalities of the law but it is the law itself.

Mr. REED of Pennsylvania. The law itself protects him and affirmatively allows him to charge off that loss. Now, what we are trying to do is to stop his being able to deduct that loss.

Mr. BROOKHART. I am not out of sympathy with the Senator's idea; I believe it is all right so far as that is concerned; but I was rather interested to know if the capitalists of the country are that kind of tax dodgers and then accuse the I. W. W.'s of being Bolsheviks.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED of Pennsylvania. I yield to the Senator from Florida.

Mr. FLETCHER. Does not the Senator's proposition lead to this: By way of illustration I will take farm-loan bonds, which under the law are exempt from taxation. Say I have a little money to spare and I want to see the farm-loan bonds marketed because out of the proceeds of the farm-loan bonds loans are made to the farmers on long time. They are bought largely because they are tax exempt and are sold at par or a little above par, bearing an interest rate of 4½ per cent. I can ordinarily get more than 4½ per cent for any spare money which I may have to invest, but the farm-loan bonds are perfectly safe, and I rather desire to encourage the sale of such bonds in order that there may be ample proceeds to meet the demands of agriculture.

The law provides, as I have said, that they are exempt from taxation. If the Senate does not agree to the committee amendment, but agrees with the Senator from Pennsylvania, the result in effect will be to tax these exempt bonds. If, for instance, I am entitled as an individual to certain deductions—say, to illustrate, that I have borrowed money and am paying $2,000 a year interest—if I happened to have a few farm-loan bonds and am getting interest from these bonds, I can not make any deductions, if the Senator's position is well taken, of the interest which I am paying in another direction, unless that interest exceeds what I receive in the way of interest from my farm-loan bonds.

Mr. REED of Pennsylvania. That is exactly right.

Mr. FLETCHER. That in effect taxes the farm-loan bonds. There can be no escape from that conclusion, it seems to me. I call the Senator's attention to another provision in this bill under which I am not allowed to borrow money for the purpose of investing in farm-loan bonds to escape taxation. There is a provision in the bill, on page 48, which obliges me in that kind of an instance not to make any deduction for the interest which I have to pay in order to get money to purchase tax-exempt securities. I can not do that; that is prohibited.

Mr. REED of Pennsylvania. The Senator knows that provision does not work. I was coming to that in a moment if I had been permitted.

Mr. SMOOT. That is also the present law.

Mr. FLETCHER. Yes; and it is in this bill.

Mr. REED of Pennsylvania. Will the Senator allow me to answer the question which he has asked before he goes on further?

Mr. FLETCHER. Certainly.

Mr. REED of Pennsylvania. There is and has been for years a provision in the law that interest on money borrowed for the purpose of buying tax exempts shall not have the privilege of being deducted. The way taxpayers get around that—and it is as simple as the A, B, C's—is to borrow money for some other purpose and then use the money that they have for the other purpose to buy tax exempts. Practically, that section is a dead letter. We all know that tax exempts are bought on borrowed money, because when men die we find in their estates great blocks of tax exempts and at the same time many outstanding debts. If the man did not have the tax exempts he would not have the debts, but he so arranged matters that the money he paid for the tax exempts came out of some fund that he had before, and then he borrowed money and replenished the fund. That is the way they all do it. That law is a dead letter.

The proposal I am advocating will put life in it.

Mr. GLASS. Mr. President, if I may ask the Senator a question, is it not a fact that comparatively few people of moderate means buy tax-exempt 4½ per cent farm-loan bonds?

Mr. REED of Pennsylvania. That is my belief.

Mr. GLASS. Men of moderate means residing in those sections of the country where the interest rate is high are not going to borrow money at 6 per cent, at the very least, with which to buy 4½ per cent tax-exempt bonds.

Mr. REED of Pennsylvania. That is quite true; but men of large incomes to whom a tax-exempt bond paying 4.4 per cent is the equivalent of a 10½ per cent taxable bond under the present law are going to borrow money, and they have been borrowing money by the millions of dollars, to buy tax-exempts; and every time they do it the Government loses income tax on the interest that they get, and it loses income tax again on the interest that they pay. That is what it comes down to. Not only does the purchase of a tax exempt on that basis, as by Rockefeller, lose to the United States the tax on his income but it makes a double loss, because the United States is losing on an amount equal to the interest that he is paying. So that not only is the tax exemption granted to him one way but it is granted to him two ways every time he makes such an investment.

That is the situation to which the Treasury wants to put an end. You can depend upon it that Rockefeller's estate never would have shown any such preposterous condition if this had been the law before he died, and there will not be any more Rockefellers with a vault of tax-free securities and a bank full of notes on the other hand if you will put this clause into effect; and to my mind there is no reason in ethics or common sense why these deductions should be applied to the taxable part of a man's income and not to the nontaxable part.

A man has no vested right to say that all these deductions shall be scored off this branch of his income and not off that branch, and yet that is what the present law does. We have put the rich men of this country on "Easy Street." It is all very well for us to talk on the stump about the high surtaxes which we are putting on the rich men; but, as a matter of fact, we know and the country ought to know that it is not

the rich men that are paying those high surtaxes. It is the men who are creating wealth to-day who are paying the surtaxes and not the men who have it. This is the first step toward cutting down the immunity of the rich man who sits back behind his citadel of invested wealth, and it ought to be cut down, and he ought to pay his share of the expense of government.

I hope the Senate will reject the committee amendment.

Mr. GLASS. Mr. President——

Mr. KING. Will the Senator yield?

Mr. REED of Pennsylvania. I yield first to the Senator from Virginia. I think he rose first.

Mr. GLASS. I was about to suggest that the principle involved in this amendment, as well as the ethics involved, is tantamount to a suggestion once before made by the Treasury, which was, in effect, that the taxpayer be required to return all of his income, whether from taxable or nontaxable sources, in which event his taxable income would be thrown into the higher brackets, and the Government thereby would be enabled to offset the disadvantage of large investments in nontaxable securities.

Mr. REED of Pennsylvania. I think that suggestion was made at the time that the Senator from Virginia was Secretary of the Treasury, if my memory serves me right; and it has been a condition which every Secretary of the Treasury has realized to be an evil ever since the income tax was first adopted.

Mr. SMOOT. Mr. President, in connection with what the Senator from Virginia says, I might add that if the House provision, which I am in favor of, is adopted it simply means a limitation on deductions. That is the only question involved. It is not a question of violation of the Constitution of the United States. The Congress says that there shall be a limitation of deductions allowed.

Mr. REED of Pennsylvania. I thought I had made that clear. There is no constitutional question involved in this at all. It is simply a matter of cutting down on the favors that are given to the taxpayer.

Mr. KING. Mr. President, has the Senator any figures to indicate the amount of tax-exempt securities held for the purpose of obtaining deductions against possible losses in business activities, and also the amount of tax-exempt securities held purely for investment, and which would not be subject to the criticism which the Senator has just made, and which are not used and not intended to be used for the purpose of obtaining deductions?

Mr. REED of Pennsylvania. I think I can answer that very directly. In the first place, I call the Senator's attention to the fact that this provision does not prevent the deduction of losses incurred in trade. It relates only to the deduction of losses in collateral business, like the matter of making investments and selling them and reselling them. The Treasury figures that this provision as the House had it will increase the Government revenue $35,000,000 a year, and all of that obviously will come out of the higher brackets—that is to say, from the men of large invested wealth. They are the men who will pay this additional $35,000,000. That is how much it means to the United States.

Mr. BRUCE. Mr. President, I do not feel so sure by any means as the Senator from Pennsylvania seems to be that the committee amendment in this case is a bad one. It seems to me that there is a great deal to be said in its behalf, though I propose to say very little.

If the Government proposes to tax tax-exempt securities, it should do so directly; above all, it should do it in a manner that does not savor of sharp practice.

Mr. SIMMONS. Mr. President, if the Senator will pardon me, the exemption ought to apply to all holders, and not just to a particular class.

Mr. BRUCE. To all holders; yes.

A bill was introduced in the House providing for an amendment to the Federal Constitution empowering the Federal Government to tax municipal and State securities, which are now exempt from taxation. Personally, I am somewhat in sympathy with that proposition, and I should have been glad to have had an opportunity to vote on it. The matter was discussed fully in the House and the result was that by a very decisive vote, as I remember, the House refused to give its approval to the amendment. In other words, the view of the House was that it was entirely consistent with public policy in every respect that securities issued by the States and State municipalities should remain tax exempt; and that is the only declaration of policy in regard to the subject that has emanated from either the House or the Senate. Now, here comes along the Government and proposes to do obliquely what the House of Representatives said it is not expedient from a public point of view to do frankly and directly.

Mr. REED of Pennsylvania. Mr. President, has the Senator noticed that the House of Representatives adopted the provision that we are urging the Senate to retain?

Mr. BRUCE. Yes; but the House of Representatives, like individuals in the Senate, can be inconsistent sometimes. One act of the House may be thoroughly defensible and another may not be defensible at all.

Mr. GLASS. Mr. President, may I suggest to the Senator from Maryland that it would be entirely permissible, and in my view ethical, if the Congress should prohibit any deduction on account of borrowed money, would it not?

Mr. BRUCE. Yes; but in point of fact it allows a deduction, and then——

Mr. GLASS. Well, I know; but here is a proposition partially to circumscribe deductions. Certainly if it would be within the province of Congress and would be ethical to deny all deductions on account of borrowed money, it would be ethical to circumscribe deductions.

Mr. BRUCE. I agree with the Senator, except that in such a case as the present I would substitute the word "circumscribe" for the word "circumvent."

Mr. GLASS. Very well; "circumvent." There is no trouble about circumvention if it is ethical and proper.

Mr. BRUCE. Not at all; but the very word "circumvent," of course, suggests something that as a rule is just a little shady.

Mr. GLASS. Not necessarily. Sometimes we seek to circumvent an evil practice.

Mr. BRUCE. Yes. The Government at this time is absolutely powerless to tax securities issued by the States or State municipalities. Of course, it was held years and years ago that it is not competent for it to tax any property held by the States or held by municipalities created by the States, or to tax any securities issued by the States or State municipalities. As I have said, the House of Representatives has deliberately refused to change this state of things; and then the Government itself has issued, on the popular faith that it would be in every respect faithful to its promises, great quantities of tax-exempt securities. It has impressed upon them the character of complete or partial freedom from taxation; and yet now, in the same breath—I really shall have to ask for order, Mr. President.

The PRESIDING OFFICER. Let us have order in the Senate.

Mr. BRUCE. There are some gentlemen in this assemblage who, when a speaker is endeavoring to express his thoughts, remind me in their conversation with each other of what our first father said to our first mother in Paradise Lost:

> With thee conversing, I forget all times,
> All seasons, and their changes.

There are times for conversation and times for efforts to shed a little light on problems of importance like the one under discussion, and it seems to me that the present time belongs to the latter rather than to the former category. However, I have only a few more words to utter.

As I said, the Government at one moment declares that it will allow a deduction for losses, and for interest on indebtedness, and then a moment afterwards declares that from those losses and that interest shall be deducted all interest on tax-exempt securities. I say that is blowing hot and cold; that is creating a hopeless incompatability of ideas.

I doubt not that there are rich men in the country, unhappily a number of rich men, who abuse the privilege afforded by tax-exempt securities, but that is not true by any means of thousands of wealthy men and well-to-do men. There are a great many men who care very little about money, and who yet make from year to year a considerable amount more of income than the sum of their expenditures, and to save themselves trouble, if for no other reason, invest their surplus income in tax-exempt securities; that is to say, in securities which bear a very low rate of interest. Of course, these individuals, like other human beings, are subject to losses, and have to borrow money at times. When a perfectly honest individual has all of his property, or the greater part of his property, invested in tax-exempt securities, and incurs an indebtedness on which he has to pay interest, or incurs a loss of some kind or other, it would be utterly repugnant to fair treatment for the Government to say to him, "We have no power to tax the Government, State, or city securities in which you have prudently invested your money; we have no power to do that, but we will accomplish the same result by deducting the interest you receive on those municipal securities from the total amount of

your losses and the interest which you pay on your indebtedness."

I say that such a position on the part of the Government is utterly untenable. I even say that it has a flavor of sharp practice about it. The Government is attempting, I will not say covinously, but circuitously and disingenuously and in a manner that it can not for a moment justify, to deprive the taxpayer of an exemption to which he is justly entitled without abatement. The Government has no more right to resort to a dishonorable artifice for the purpose of imposing taxation than the taxpayer has for the purpose of evading it.

The Senator from Pennsylvania [Mr. REED] speaks as if there were no wealthy men in the United States except William Rockefeller. My observation is that the most honest and the most prudent people who have anything to do with money at all are likely to invest it in low interest-bearing securities, which, of course, are usually Government, State, or municipal securities. The treatment that they would get when they were so unfortunate as to owe a little interest on indebtedness or to incur a loss of some sort would be to be deprived of the tax-exempt feature of their property by having the Government deduct the interest on that property from the amount of the losses or the amount of interest on the indebtedness.

It seems to me that this matter has not received the consideration that it deserves at the hands of the Senate, though it does seem to have received the consideration that it deserves at the hands of the Senate Finance Committee. I happen to know that before this last degree of consideration was given to the subject, the House provision was going along to enactment almost as a matter of course, and then the attention of the Senate committee was called to the injustice and lack of good faith inherent in the proposition, and it was, I am happy to say, to no small degree the result of exposition and reasoning on the part of one of the very ablest members of the Baltimore City bar that the Senate Finance Committee came to the conclusion that it reached, and I saw without hesitation that that just and honest conclusion should be ratified by the good judgment and honest spirit of the United States Senate.

Mr. McLEAN. In the instance which the Senator has cited, the case of a man who might properly invest in nontaxable securities and yet meet with a serious capital loss which he could not deduct except as to the excess of the loss over the income from the tax-exempt securities—and that kind of a case I think would be very rare—the individual could easily sell his nontaxable securities. Anticipating his difficulty in deduction, he could easily sell them and invest in something else, and then deduct his losses.

Mr. BRUCE. Why should a perfectly honest, conservative investor be compelled to resort to a tax artifice to relieve himself of an obligation which should never have been placed upon him?

Mr. McLEAN. The reason is that there are a great many men who are using the tax-exempt securities for the sole purpose of evading a tax which they should in good conscience pay, and if we can reach those cases and prevent that, and still leave a way by which an individual who properly invests in tax-exempt securities without any ulterior purpose can exchange his tax-exempt securities, and then take advantage of his losses, it seems to me no hardship would be done.

Mr. BRUCE. But if you strike down the innocent at the same time that you strike down the guilty.

Mr. McLEAN. You do not strike him down at all. You put him to the trouble of changing an investment if he has made a serious loss.

Mr. BRUCE. We have no right to compel or force him to resort to some cunning device or nice artifice or other expedient to secure proper treatment when he is not Rockefeller, but perhaps a man who cares nothing about money, except perhaps to make some moderate provision for himself and his family.

Mr. McLEAN. He would be justified in doing it. It would be no artifice.

Mr. FLETCHER. Mr. President——

Mr. BRUCE. I yield.

Mr. FLETCHER. I will not interrupt the Senator.

Mr. BRUCE. There is nobody to whom I would yield with greater pleasure than to the Senator from Florida, because the Senator is so courteous always in yielding when he has the floor.

Mr. FLETCHER. I thought the Senator had concluded his remarks.

Mr. BRUCE. I have completed what I had to say.

Mr. SIMMONS. Mr. President, I regard this amendment as one of the most important amendments in the whole bill. I think its adoption would be more far-reaching than Senators at first blush would suppose. On account of the great importance of the matter, I think we ought to have more Senators present than are here now. I should like to discuss this question, but I should like to have more Senators present when I do discuss it.

Mr. FLETCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Adams	Fess	Lodge	Shields
Ashurst	Fletcher	McCormick	Shortridge
Bayard	Frazier	McKellar	Simmons
Borah	Gerry	McKinley	Smith
Brookhart	Glass	McLean	Stanfield
Bruce	Hale	McNary	Stephens
Bursum	Harreld	Mayfield	Sterling
Cameron	Harris	Neely	Swanson
Capper	Harrison	Norris	Trammell
Caraway	Heflin	Oddie	Underwood
Curtis	Howell	Overman	Walsh, Mass.
Dale	Johnson, Minn.	Pepper	Walsh, Mont.
Dial	Jones, N. Mex.	Pittman	Warren
Dill	Jones, Wash.	Ralston	Watson
Edge	Kendrick	Ransdell	Willis
Edwards	King	Reed, Pa.	
Ferris	Ladd	Sheppard	

The PRESIDING OFFICER. Sixty-six Senators having answered to their names, a quorum is present.

Mr. SIMMONS. Mr. President, I am not sure that we have quite as many Senators since we called a quorum as we had before we called it. The situation evidences lack of interest on the part of Senators in the discussion of very important and vital provisions in the bill. I regret it very much. I shall not find it necessary to detain the Senate long upon this matter, because the Senator from Maryland [Mr. BRUCE] has admirably said some things that I had in mind to say, and to that extent relieved me of as full a discussion of certain features of the matter as I otherwise would have indulged in.

Mr. President, from my viewpoint this is nothing more or less than an attempt to deny to the holder of tax-exempt bonds, whether issued by the Federal Government or by the States or by the Federal land banks or the War Finance Corporation, to a certain extent the exemption from taxation promised him upon the face of the bonds. It is the first step toward repealing all laws and removing all obstacles for the purpose of getting rid of tax-exempt securities altogether. Of course, if we are going to repeal all exemption and to subject all of this class of bonds and securities to taxation, we ought to do it by direct action and not indirect action, and we ought to do it in such a way that the denial of the exemption will extend to all holders of such securties, and not to a small part of them. As the Senator from Maryland said, a movement was started—I think it originated with the Treasury Department—to secure the submisson of a constitutional amendment to the people for the purpose of changing the laws so as to allow the Government to tax all such securities. That movement has for the present failed. It did not succeed in passage through the House. The pending amendment is to accomplish to a limited extent and by indirection the very purpose of that proposal.

Every Liberty bond issued by the Government carries with it to the purchaser of that bond a promise of exemption from taxation on the part of the Government. It is a solemn promise. It is a promise made by the sovereign to the subject. The States have heretofore enjoyed and now enjoy the right of exemption from Federal taxation. These bonds have been issued and the purchasers of the bonds have been guaranteed exemption, not only from State but from Federal taxation. In my judgment these promises ought sacredly to be kept. I do not think the Government should discard such promises or deny to the holder the full benefit of the promises because of any matter of expediency or because some—I will not say evil-minded—but perverse people have used the privilge for the purpose of escaping some other tax to which they are properly subject under the law. The Government is the last person that ought to teach the citizen by example that a solemn contract can be repudiated or ignored because it is to the interest of the Government to do it or because of some public exigency. If these observations are not pertinent to the purpose and intent and what will be the effect of this provision, then I am utterly unable to understand the contract by the Government with the people and the effect of this proposition upon that contract.

The Senator from Pennsylvania [Mr. REED] very cleverly seeks to make or, whether he sought to do it, has made, I apprehend, the impression that the amendment only denies the exemption or the full benefit of the exemption in cases where the bondholder has borrowed money for the purpose of purchasing such

bonds. Such is not the case. The amendment reaches very much further than that. In fact, there is nothing in the amendment that indicates that it is intended to be limited to cases of that character.

I think it is well for the Senate to understand exactly what the amendment is. The law provides that every citizen of the country who is a taxpayer and whose income is a taxable income shall be entitled to a certain deduction from his net income and that only the residue after such deduction is made shall be subject to income taxation. One of the deductions which the law provides and which is referred to in the amendment is a deduction to the extent of interest that may be paid by the taxpayer for borrowed money. Another one of the deductions is that in case of a loss, we will say by fire or otherwise, not covered by insurance, he shall be entitled to deduct the amount of that loss. Every citizen in the United States under those provisions is entitled to those deductions—interest and loss not covered by insurance.

The pending amendment provides that he shall not have the full benefit of those losses in certain cases. In other words, the amendment provides that certain citizens of the country who are so unfortunate, from the standpoint of the amendment, as to hold Government securities guaranteeing them against taxation, by reason of the fact that they hold such Government securities, shall lose the benefit of the deductions allowed to every other citizen of the country. It penalizes the possession of such securities.

The amendment follows after those provisions. If there is a situation which requires the denial of those deductions, if it is thought to be against public policy that the taxpayer should be entitled to deduct from his taxable income the interest paid on borrowed money, then let us repeal the provision granting the deduction. But if the deductions are to obtain, every man should have the benefit of them, and not every man except the man who happens to hold some of the securities of the Federal Government or one of our States.

Now, let us see what the House text provides:

The amount of the deduction—

That refers to the two deductions I have mentioned, as well as others—

provided for in paragraph (2) of subdivision (a)—

That is the deduction of interest paid—

unless the interest on the indebtedness is paid or incurred in carrying on a trade or business—

This section does not apply if the indebtedness is incurred in the trade or business of the taxpayer—

and the amount of the deduction provided for in paragraph (5) of subdivision (a)—

That is the deduction of losses not covered by insurance. So it will be seen that the amendment not only embraces interest upon borrowed money but it embraces losses accruing from the destruction of property by fire or other providential visitation.

If those losses are sustained outside of the business, in the first place, and by reason of fire, then if a man engaged, we will say, in mercantile business happens to have some side line which does not constitute his regular business and is not properly classified as his trade, and if, as the result of his ordinary outside business transactions, he pays out interest or suffers a loss, he is allowed the deduction in that case "only if and to the extent that the sum of such amounts exceeds the amount of interest on obligations or securities the interest upon which is wholly exempt from taxation under this title."

He has a loss, Mr. President, not incurred in his ordinary business but on the side; he has a deduction on account of interest, and he has a deduction on account of losses by fire. The losses which he is entitled under the amendment to deduct, and that any citizen not covered by this amendment would be entitled to deduct from his income before it is subject to taxation, we will say, amount to $10,000. I, not possessing any tax-free bonds at all, would be entitled to the full amount of that deduction, thereby reducing my tax to that extent; but my distinguished colleague from the State of Indiana, who is really entitled to the same deductions and in the same amount, happens to own some tax-free bonds the interest upon which amounts to $10,000. Before he is allowed a cent of deduction he must subtract that interest upon his tax-free bonds from his deductions on account of interest and fire losses. That wipes his deduction out and leaves him no deduction on that account, and to the full extent of that deduction with the rate prescribed his governmental tax is increased. If that is not indirect taxation imposed upon these Government securities, I can not understand what it is.

It is the entering wedge, as the Senator from Pennsylvania [Mr. REED] has stated. The purpose probably is, Mr. President, to get a decision of the Supreme Court upon the constitutionality of the scheme. Then it will be enlarged, and in the process of enlargement probably it will be required that the interest on tax-exempt securities shall be subtracted not only from the interest and the fire losses but from the ordinary expenditures allowed as a deduction to the taxpayer. The general effect of such a provision would be to subject to taxation every Government tax-free security and every State tax-free security to just the same extent as if we were to place and had the power to place them all upon a taxable basis.

Mr. President, I happen to know that this provision has greatly alarmed persons who are responsible for the faithful performance of the contracts which the States have made and the contracts which the Government has made, especially in connection with certain tax-exempt bonds which are allowed to be issued by certain agencies of the Government. I have here a telegram from the Governor of the State of Maryland, to whom the Senator from Maryland has referred—I think he referred to the governor—as one of the ablest lawyers in the State of Maryland. I am going to ask the Secretary to read the telegram to the Senate. It voices the convictions of this great governor and legal luminary that the effect of this amendment will be just what I have indicated it will be, and that it would be not only in violation of the Constitution but it would be exceedingly embarrassing to the States which are now issuing tax-exempt securities.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The principal clerk read as follows:

BALTIMORE, MD., *April 6, 1924.*

HON. F. M. SIMMONS,

Finance Committee, Senate Office Building, Washington, D. C.:

I wish to earnestly protest against the passage of the section of the tax law known as subdivision C of section 214 of the revenue bill of 1924. Nominally this section is intended to prevent certain large taxpayers from avoiding the Federal income tax through the purchase of exempt securities with borrowed money. The effect of the section, however, is to tax indirectly the tax-exempt securities issued by the States, counties, and municipalities. I would most earnestly join in any effort to prevent the use of tax-exempt securities for the purpose of tax evasion. The proposed section, however, has a very different effect. While it succeeds in taxing exempt securities in the hands of certain Federal income-tax payers, and thereby relieves other Federal income-tax payers, it eventually transfers the burden to those who hold no tax-exempt securities, but who pay direct taxes to the State. I hold no brief for the rights of owners of tax-exempt securities. On this phase of the question it seems only fair and proper to suggest that those who have honestly adhered to their bargain with the Governments of the United States and the States are entitled to similar consideration on the part of the Governments concerned. At no time in the history of the country has it been more important that those responsible for government should set an example of the strictest good faith in the matter of government promises and assurances.

But I do hold a brief for the taxpayers of my State. And if a tax aimed primarily at one class of Federal income-tax payers rests eventually on those who pay direct taxes to my State it becomes my duty to protect them so far as it is in my power to do so. I protest, therefore, for these reasons:

1. I protest against any effort of the Federal Government to impair any of the sovereign powers of the State. If the Federal Government can indirectly tax State, county, and municipal securities, it can impair their credit and seriously interfere with their ability to carry on necessary public work. If the power to indirectly tax exists, it involves the power to destroy, and the power to injure or destroy the credit of the States involves the power of the Federal Government to control many of the States' most important activities. Congress has recently refused to submit an amendment authorizing the taxation of future issues of State, county, and municipal securities. The proposed legislation nevertheless seeks to accomplish this same purpose and to settle this important constitutional question by indirection and device. If it can be successfully done to a limited extent, as in the present subdivision C, the method may be in the future easily and largely extended.

2. The provision merely transfers a portion of the taxation burden from the group of Federal income-tax payers to those who pay direct taxes to the State. The citizens of the State of Maryland now pay to the Federal Government more than four times as much in taxes as they pay to the State. The amendment may succeed in requiring a portion of the group of Federal income-tax payers to pay taxes on their exempt State, municipal, and county securities. As the aggregate budget raised by the Federal Government will remain the same, this will have the effect of relieving other members of the

group of Federal income-tax payers from a portion of the tax by lowering the general rate. It is very desirable to reduce all taxes, but not merely to transfer them to others less able to pay. If you succeed in so taxing heretofore exempt State, county, and municipal securities the effect will be to raise the interest rate on future State, county, and municipal issues. This increased tax must be paid by the taxpayers of the States and paid in the form of direct taxes. While the provision therefore relieves some of the group of Federal income-tax payers who are reasonably capable of paying the tax from a portion of the present burden it will eventually transfer that burden to those who pay direct taxes in the State.

3. The increase in direct taxation which will result from this provision falls with peculiar force upon a class whose burden should be decreased rather than increased; that is, the agricultural class in the community. They are the largest direct taxpayers and the increase in direct taxes due to the increase in interest rates on State, county, and municipal securities, which we must issue, falls largely on them. The provision, moreover, imposes upon them another burden. It will similarly increase the interest rate on Federal farm-loan bonds. The low interest rate provided by the Federal farm-loan bonds not only saves interest to the farmer who borrows from that body, but its lower competing rate keeps down the interest rate on all farm loans, and an increase in the Federal farm-loan interest rate will therefore raise the rate to practically all farmers. The provision will, therefore, cause a double hardship to this class.

4. I suggest to you that any such indirect attempt by the Federal Government to tax State, county, and municipal securities may result in retaliatory legislation by the States. We have no State income tax in Maryland, but States which do levy such taxes may also adopt artificial rules for ascertaining the taxable income and through such rules reach the income on farm-loan bonds and other tax-exempt United States securities.

Chief Justice Marshall's premise that the power to tax involves the power to destroy warns every State executive to jealously guard the right of the State from the improper exercise of the Federal taxing power. I can not see either the wisdom, logic, or fairness of such a provision and would ask why it is not possible to insert in the law a provision which directly punishes the evaders of the tax instead of one which levies a new tax on those who have nothing whatever to do with such evasions. But even if such an evasion can not be prevented surely no provision can be justified which not only subverts the fundamental principles of the Constitution but punishes the larger number of innocent people for the sake of preventing tax evasion by others.

I hope sincerely it will not be necessary to force the States to question the constitutionality of such a provision as subdivision C, and yet I can not now see what else the States can do to protect their rights of self-government.

ALBERT C. RITCHIE,
Governor of Maryland.

Mr. SIMMONS. Mr. President, what the Governor of Maryland says with reference to punishing all the people for the derelictions or the greed of a few is very pertinent and very true. In order that you may reach a case like the Rockefeller case—and I imagine there are not so very many of those—in this indirect way it is proposed that you apply the same drastic remedy to innocent people and deny to them that to which other citizens under the law are entitled.

That is a bad way of legislating. We have fallen into that habit somewhat. We find a hard case, a flagrant case, resorted to by a small portion of the people of the country, and in order to meet that we are too prone to apply a remedy which will not only affect them and frustrate their scheme of wrongdoing but will affect just as disastrously every innocent taxpayer or citizen of the country.

I think the majority of the people who hold the tax-exempt bonds have not borrowed the money; or if they have borrowed it, they have borrowed it with no intent to defraud the Government of what it is entitled to demand of them. They borrowed it as other good citizens borrow money, for the purpose of carrying on their business or to meet their obligations; and they ought not to be punished because some other citizen has seen fit to resort to this method of escaping his just obligations to the Government.

Mr. President, I also want to refer to a conversation I have had with Hon. Angus W. McLean, of my State. Senators know all about Mr. McLean. For five or six years he was a director and for some time managing director of the War Finance Corporation. He is one of the ablest lawyers and ablest men in my State, and he ranks with the big men of America, as his record here at Washington proves. His business acumen and his business ability are unsurpassed. As a director of the War Finance Corporation, which issues bonds of this class, he is familiar with situations of this kind. He speaks out of experience and out of knowledge. He is now a candidate for governor in my State. He is the president of a large joint-stock land bank, also, and as such has a direct interest in this matter as well as the broader interest of good citizenship.

Mr. McLean earnestly opposes this scheme because he knows what the hurtful effect of it would be on the issuance and sale of securities by the farm-loan banks and other Government agencies established for the benefit and relief of the American farmers.

Mr. McLean thinks, and properly so, that the effect of this attempt to violate the good faith of the Government by indirection would be far-reaching and disastrous. He protests earnestly against this move which he regards as an assault upon the relief agencies for the farmers of the United States, gained by hard and long fighting in the Congress. I entirely agree with Mr. McLean.

If this does not call for a real rally upon the part of men who represent agricultural districts and States, I do not know what should cause a rally. Of course, the farmers do not know what is going on, but they will know the moment they find themselves unable to borrow from these land banks as well as the intermediate credit banks, and they are going to scrutinize very closely the activities of their friends in Congress.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. SIMMONS. I do.

Mr. McKELLAR. I understand that Mr. McLean spoke of the constitutionality of the provision. Does the Senator agree with him that the provision raises any constitutional question?

Mr. SIMMONS. The telegram which I had read from Governor Ritchie, who is a great lawyer, expresses that opinion, and Mr. McLean expressed it. I presume they have investigated the question. I have not investigated it; but, without investigation, I will say to the Senator that it is my opinion that if the Government of the United States indirectly undertakes to subject to taxation its bonds that have been issued exempt from taxation, a constitutional question of very serious import would be raised.

Mr. McKELLAR. Mr. President, if the Senator will permit me, I will ask him to let me read the provision, changing the last phrase of it only:

The amount of the deduction provided for in paragraph (2) of subdivision (a), unless the interest on indebtedness is paid or incurred in carrying on a trade or business, and the amount of the deduction provided for in paragraph (5) of subdivision (a) shall be allowed as deductions only if and to the extent that the sum of such amounts exceeds the amount of interest on obligations——

Mr. SIMMONS. Exempt from taxes.

Mr. McKELLAR. No; no—

on obligations arising from real-estate loans.

Would not that be a perfectly proper classification, if the Congress wanted to do that?

Mr. SIMMONS. "Arising from real-estate loans"?

Mr. McKELLAR. Yes.

Mr. SIMMONS. I do not catch the point.

Mr. McKELLAR. Instead of making the classification upon obligations or securities the interest upon which is wholly exempt from taxation under that title, suppose they made the same provision in regard to the income from real-estate loans?

Mr. SIMMONS. That would not be an analogous case at all, because the deduction which they do make is a deduction which in effect makes taxable that thing which is not taxable.

For instance, if I may illustrate, under the general law that applies to every citizen he is allowed a deduction of interest that he pays upon borrowed money. He is allowed a deduction for losses that he sustains from fire or other casualties which are not covered by insurance. If those losses that every citizen of the country is entitled to deduct, and the man who is covered by this amendment is entitled to deduct, amount to $4,400, we will say, that deduction is taken away from him by offsetting against it the interest on Government bonds which under the law is exempt. That exemption, I think, is protected by the Constitution of the country, because it is a part of a contract, and the effect of what is proposed here is to repudiate that contract.

Mr. McKELLAR. Suppose it said, instead of interest——

Mr. SIMMONS. If it mentioned some deduction that the Government might legitimately deal with, of course, that would be different.

Mr. McKELLAR. Let us take this case. Suppose it said—

On obligations or securities arising from investments in gambling houses.

Would not that be a perfect and legitimate division?

Mr. SIMMONS. I think it would, undoubtedly.

Mr. McKELLAR. Suppose it said "on obligations or securities" of certain kinds of corporations the interest on which now forms an exemption; that is, the income from those corporations up to a certain amount is deducted. Why could not the Government increase the amount of those or diminish the amount?

Mr. SIMMONS. The Senator does not get the point of all my discussion. My discussion is that it is not permissible nor is it right that the legitimate and legal deduction that a man is entitled to should be taken away from him by offsetting it with a class of income that under the law is exempt from any taxation. That is the only question I raise about it.

Mr. McKELLAR. As to the question of the morality or right of the transaction, of course, there can be very serious difference of opinion on a question like this, but so far as the constitutionality of the question is concerned, I do not think the Constitution affects it. Of course, I do not know what our Supreme Court will hold.

Mr. SIMMONS. I have not discussed the constitutionality of it, because while I used to be a lawyer, and probably a pretty diligent one, I have not discussed constitutional questions since I have been in the Senate, because I have not had time to investigate them.

Mr. FLETCHER. May I make a suggestion to the Senator from Tennessee? He readily recognizes that there is no right or authority or power in Congress to tax State securities which are exempt from taxation under State law. He will admit that.

Mr. McKELLAR. I do not go that far. I do not agree to the proposition which the Senator expresses.

Mr. FLETCHER. The Supreme Court has held that that did not broaden the power of taxation.

Mr. McKELLAR. I am not at all sure that that is correct.

Mr. FLETCHER. I can convince the Senator of that. I can cite him the cases on it.

Mr. McKELLAR. Cases do not amount to anything. We have had some very peculiar cases coming from some of our courts. They are not always convincing at all.

Mr. FLETCHER. The decisions are uniform on that proposition. There is not a shadow of doubt about it. But the question here is, if the effect of this provision is to tax—I am not saying it is absolutely conclusive in my mind—to my mind it is an indirect tax on exempt securities of the Government, either issued by the Government or authorized by the Government, but whether it is a tax on securities that are exempt under State laws may be a question. If it is, undoubtedly Governor Ritchie's position is absolutely sound—it is unconstitutional, and we can not tax State securities.

Mr. SIMMONS. I do not want to discuss the constitutionality of it. It is too plain to my mind that it is a violation of faith, whether it can be done constitutionally or not. It is a provision attempted to be inserted in the law which would cost the States of this country, if it were held to be constitutional, millions piled upon millions in the increased interest rates they would have to pay upon all the bonds, or in the reduced market price of the bonds they may issue for the accomplishment of the vast schemes of development and improvement, which I am glad to say are being carried on by practically all the States of the Union.

Mr. McKELLAR. Will the Senator yield to me for a moment?

Mr. SIMMONS. Just let me finish this idea. It is going to mean an increase in expense to the farmers of this country, who have been very fortunately securing relief from a situation of dire distress at low rates of interest through that great agency which the Government has set up to enable the farmers in this country to tide over the misfortunes and calamities that have come to them in recent years, because of the increased rate of interest that these institutions will have to pay. Mr. McLean, whom the Senator from Tennessee and others Senators know is a man of calm, deliberate, sound judgment, of large experience and large ability to understand and to comprehend and to visualize results, now, as the head of a great joint-stock land bank, says that if this passes and goes to the Supreme Court, during the period of time that will elapse between its passage and a final decision, these banks might have to suspend issuing bonds or have to pay rates of interest very much higher than those they are paying now, and pass them on to the farmers.

I have had several conversations about this amendment with the chairman of the farm loan board, Governor Cooper of South Carolina. I have found him to be a man of keen understanding and broad vision. He occupies an exceedingly responsible position. He is the head of this great institution, which is serving the farmers so well and affording relief against what otherwise would be distress, if not bankruptcy. I happen to know that he is profoundly apprehensive of the effect of this amendment, and he expressed to me the opinion that if it were adopted that board would not be able to float its bonds at the rates of interest at which they had been selling them, and upon the terms imposed by the limitations of the act under which they operate.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. SIMMONS. I yield.

Mr. McKELLAR. Before the Senator finishes, I would like to read the constitutional provision to which I have referred, so that we will have recalled to our minds just what the Constitution says about the matter. Amendment 16 reads as follows:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

It is possible that our courts may legislate into that provision the suggestion which has been made, that the income from State bonds or other bonds is not taxable, but that provision of the Constitution provides that all income is taxable, from whatever source it comes.

I disagree with the Senator. I want to say to him that I join him in the high respect he has for his distinguished constituent, Mr. McLean. He is one of the able men of the country. I have great respect for his views as a lawyer, but I do not think there is any constitutional question raised in the proposal of the amendment on page 52 of the bill. I believe it is a mere matter of dealing with the subject wholly within the provisions of the Constitution, and that there is no inhibition against the legislation. As to the wisdom of the legislation, that is an entirely different thing; but I do not think any constitutional provision is in issue.

Mr. SIMMONS. I have not based my argument upon the constitutionality or unconstitutionality of the amendment. I had not mentioned that up to the time the telegram from the Governor of Maryland was read, and then mentioned it only incidentally. I am not basing my opposition to this upon any constitutional ground. I am putting it upon grounds of good faith and the keeping by the sovereign of its contract with the citizen.

I know that there is a strong movement in this country to subject all securities of the Government and of the States to taxation. There has been a drive in that direction for some time, which I have not quite understood. I do not myself regard it as wise. I think to subject the bonds being issued by the States of this Nation for the purpose of internal improvements to taxation would simply mean that while the Government would get a relatively small amount of income from that source, the States would have to pay, in order to accomplish the broad program of development in which they are now engaged, an increased rate of interest, which would be many times greater than the savings to the Federal Government, and that would, to a very serious degree, retard this most commendable work that is going on in the States, which means so much to the development of the agricultural resources and the business resources of this Nation and to each individual State and community.

Mr. RALSTON. Mr. President, will the Senator yield?

Mr. SIMMONS. I yield.

Mr. RALSTON. The Senator may remember that some months ago I attempted to point out what, in my judgment, would be the effect of taxing the securities of States and municipalities, and I pointed out that if the State and municipal securities were made taxable the States and municipalities would necessarily have to increase the rates of interest on such securities.

Mr. SIMMONS. Certainly.

Mr. RALSTON. Not only that, but when that increase was made, then those securities would find their way into markets such as New York, where there is practically no tax on them at all, and the State or municipality could realize nothing in

the end except the small increase which it might receive for such securities when sold.

Mr. SIMMONS. Mr. President, there are some people who think the States are doing too much, that they are too extravagant in their public expenditures, and that they ought to be checked. One of my constituents has written me a letter—I will not mention his name, because his letter is confidential in some respects, though I do not think that characterization would apply to what I am to read. He says in his letter:

> It is more vital to all States and minor subdivisions thereof, especially the small communities, that they be able to obtain cheap money for sanitary improvements, sewage, water, drainage, than it is to the Federal Government to stop the investment by a relatively few income taxpayers in these securities. The very existence of these communities, their life and health, depend upon the cost of the necessary improvements. Cheap money is vital even to the Government itself.

Many of the expenditures by the States for which these bonds were issued were to provide the things which go to the health and the life of the citizen, and which give to this day and generation a condition of life that unfortunately our ancestors did not enjoy. Anything that is going to overburden the States in this work, anything that is going to pile up interest upon the agricultural classes of the country, in my judgment, is too important a matter to be jeopardized in order that the Government may save a few dollars in taxes.

Oh, Mr. President, there is in the country to-day a tremendous effort to prize up the rates of interest and to bring about those conditions that existed before we established governmental loan agencies to help agriculture, to return to conditions when the farmers of the West and the South, the farmers of the East and the North, if they needed money, had to mortgage their farms and pay from 10 to 12 per cent interest. The great investment banks, the great land mortgage companies in the country, are to the front in this movement to subject State bonds, municipal bonds, farm-loan bonds, and Government bonds to taxation in order that the rates of interest may be raised in the United States and that they may be able to lend out their private hoards at higher rates than they are now obtaining.

Mr. GLASS. Mr. President, the discussion of this paragraph of the tax bill has taken what is to me a most extraordinary course and tenor. I am distressed that statements have been made by responsible public men which to me are so contrary to the facts involved in the discussion and so really damaging to the interests of that class of people in whose behalf the utterances are made as that I marvel at them. By one of these gentlemen attention is called to the fact that there was litigation extending over a period of 18 months as to the constitutionality of the act under which the Federal land banks and joint-stock land banks were authorized to issue tax-exempt securities, the implication being that there was some such constitutional issue involved here which might result in protracted litigation before the Federal courts.

Why, Mr. President, that issue was a constitutional issue. There was a specific direct attack on the constitutionality of the act of Congress authorizing the issuance of tax-exempt securities by the land banks and general stock land banks. There is nothing whatsoever of that nature involved here. The Senator from North Carolina [Mr. SIMMONS] would not venture to say that there was any constitutional question involved, although he had read from the desk two papers showing, if not directly at least by implication, that there was a constitutional question involved.

Then, too, one of the gentlemen said that if this limitation upon deduction, and that is all it is, should be adopted by the Congress there would not be another dollar of farm-loan bonds issued in the country. I think that is a most unfortunate statement to be publicly made by anybody, and much less by gentlemen who ought to know better. It brings to mind an incident that occurred in 1914, soon after the World War began, when a distinguished United States Senator from the South appeared before the Banking and Currency Committee of the House of Representatives and insisted that if we did not appropriate $500,000,000 immediately to valorize cotton there would not be one bale of cotton ginned in the ensuing year. We did nothing of the kind, and the statistics of the Department of Agriculture of record will show that for that particular year we ginned more cotton than for any preceding five years, and very likely for any succeeding five years. To sound such an alarm as this, to say that if the Congress adopts a simple limitation upon deductions from taxation it would result in any such disaster as that suggested, is affording no aid to the class of people of whom these gentlemen speak, but is actually damaging their interests.

I was never a member of the War Finance Corporation and I am not governor of the State of Maryland, but I have had somewhat to do with these matters. I was chairman of the joint congressional committee which framed and carried through Congress the bill to establish the land banks and joint-stock land banks, and heard all of the testimony that was there given. I give it as my deliberate judgment that the passage of this proposition by the Congress will not result in the curtailment of the sale of a single bond at a normal rate of interest by these institutions.

The Senator from Pennsylvania [Mr. REED] very clearly pointed out the intent of this provision of the bill. It is not purposed and it will not result in damage to anybody or any appreciable number of persons other than those persons who by hook and crook seek to evade their responsibility to the Government of the United States by the payment of taxes assessed against them. Why, in terms there are omitted from the provisions of this paragraph all persons who have borrowed money for use in their trade and in their business. It is intended to reach those adroit and cunning people who are addicted to the very practice mentioned by the Senator from Pennsylvania, at the end of each fiscal year, of making a mere pretense of selling their stocks and bonds in order that they may write off their imaginary losses and cheat the Government out of what is due it.

Mr BROOKHART. Mr. President, will the Senator yield?

Mr. GLASS. I yield to the Senator from Iowa.

Mr. BROOKHART. I would like to ask the Senator from Virginia why money borrowed for such purposes should be exempt from these provisions?

Mr. SMOOT. It is just the interest paid on such money that is exempt.

Mr. BROOKHART. It seems to me that about the same reason in that case would apply as where it is done deliberately for the purpose of evading taxation. It has the same effect.

Mr. GLASS. I think money employed in legitimate business is entitled to greater consideration than money employed in gambling purposes and money employed to buy these bonds for the express purpose of writing off imaginary losses.

I have been somewhat disposed to think that the Senator from North Carolina [Mr. SIMMONS] had confused this particular item of the tax bill with a proposed amendment to be offered by the Senator from Pennsylvania [Mr. REED], which does raise a constitutional issue.

Mr. OVERMAN. I am not contending with the Senator, but what does he have to say as to whether or not this is directed against efforts to escape from taxation by means of tax-exempt securities?

Mr. GLASS. I think it is quite directly a reprisal against those people who have been guilty of this legally sanctioned but morally illicit transaction to which the Senator from Pennsylvania referred, of writing off imaginary losses and deducting their taxes thereupon, in which transaction they not only get a freedom from taxation by reason of holding the tax-exempt bonds, but they get further relief from taxation on the interest which they have paid upon the money borrowed to buy the bonds in order to write off losses they had never sustained.

Mr. BROOKHART. On that proposition, it seems to me, if he has money borrowed which he claims is in his business and at the same time he owns tax-exempt bonds, I do not see how we can tell whether in fact it was borrowed for business or for bonds.

Mr. GLASS. That is one of the perplexities of the Revenue Bureau; that is one of the burdens of those who have to administer the law.

Mr. BROOKHART. But we have that same law now, and they get around, it seems, and dodge away from it. Why not cut that out entirely? Then there would be no chance at all for evasion.

Mr. GLASS. I would not favor cutting it out, because the man who borrows money in his legitimate trade or business is entitled to a deduction on account of interest paid upon these bonds.

Mr. SMOOT. He never would borrow the money unless it was necessary that he should have it.

Mr. GLASS. The persons who are borrowing money on tax-exempt securities, aside from those who are obliged to borrow money for trade and business purposes, are the persons so clearly and particularly described by the Senator from Pennsylvania [Mr. REED] who are writing off imaginary losses, and this provision of the tax bill is intended purely to meet that difficulty.

Mr. BROOKHART. In a case where a man has borrowed money for use in his business and at the same time is the

owner of Liberty bonds or of tax-exempt bonds, does the amendment provide for his deducting the interest from his income?

Mr. GLASS. No; not if the money be borrowed for trade and business purposes.

Mr. SMOOT. But wherever he makes it on any transaction or speculation it does?

Mr. GLASS. Exactly.

Mr. BROOKHART. I think it should be considered as not having been borrowed for business when the man is the owner of tax-exempt bonds at the same time.

Mr. SMOOT. Mr. President, I wish to say in relation to interest on tax-exempt bonds that a taxpayer has got to show that the interest comes from such bonds and he can not claim an exemption in any other way. Unless he does show that, the bonds are not tax exempt.

Mr. BROOKHART. Under the present law in order to claim a deduction a man has got to show that he had a loss on his stocks, but he juggles them around in such a way as to make it appear that he did have a loss when in fact there was no loss.

Mr. GLASS. Mr. President, in just a moment I shall yield the floor. I wish before doing so, however, to dissent from the notion that this legislation is an entering wedge in the fight which is alleged to be on against further issues of tax-exempt securities.

Mr. CARAWAY. May I ask the Senator from Virginia a question right there?

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Virginia yield to the Senator from Arkansas?

Mr. GLASS. Yes.

Mr. CARAWAY. If by legislation we shall render the market for the sale of tax-exempt securities narrower, would it not be an attack on them? If we shall render them less negotiable, if we shall keep certain people from being in the market to buy them, shall we not raise the interest on every community and every State and on every farmer who borrows from the Federal Farm Loan Board?

Mr. GLASS. I should unhesitatingly favor a limitation upon an illicit use of tax-exempt securities, whether it narrowed the market or not, but I have not the slightest idea that it will narrow the market to the extent of one dollar.

Mr. CARAWAY. Does the Senator think the same people would buy them should this provision be retained in the bill who would buy them as the law now stands?

Mr. GLASS. I should hope the same people would not buy them if they were going to put them to illicit uses, but if they should not buy them there would be other people to buy them. They are in demand all over the country. The latest issues of such securities have been oversubscribed; they have been taken with surprising alacrity as soon as the announcement has been made that they were for sale. There would be other people to buy them if those people who write off imaginary losses shall not use them for that illicit purpose. If I could think that the reasonable limitation here proposed upon deductions would in any degree harm the market price of Government securities or of farm loan bonds, which are not Government securities, I should unhesitatingly reject the proposition. However, nothing but the actual event, at which I should be greatly surprised, could possibly convince me that that would be the result of retaining this provision in the tax bill.

Mr. CARAWAY. I wish to ask the Senator from Virginia another question. A man buys a bond, which, under the Constitution, is exempt from taxes of certain kinds. If by action here we strike down one market for that bond he has bought, have we not invaded his contractual right just that far?

Mr. GLASS. I do not think so. I do not think that question is involved. I can see how men may draw a fine ethical point there; but what we are doing is exercising our right to put a limitation upon deductions upon sums which a man may under the law deduct from his tax payments. We have a perfect right to do that. We have a right to say that there shall be no deductions whatsoever. Therefore, if we have a right to say that there shall be no deductions whatever, we have a right to say that a limitation upon deductions shall be made.

I do not concur at all in the notion—and this I wish to say in conclusion—that this has anything to do whatsoever with the proposition to put an end to issuing tax-exempt Government securities, whether National, State, municipal, or other subdivisions of government. In this connection, I wish to add that I think, just as the distinguished Senator from Indiana [Mr. RALSTON] stated some time ago, that the relation of tax-exempt securities to the general issues of National, State, and municipal bonds has been greatly exaggerated. I confess, to my own surprise, that a more careful examination and analysis of the subject, prompted by the address made in the Senate by the Senator from Indiana, has convinced me that that is a fact. I fail to find that the proportion is such, at this time at least, as to seriously menace the fiscal policy of the United States Government; but what it will be at some time in the future no man may say. We are, however, now engaged in issuing tax-exempt securities at a rather alarming extent—in excess of $200,000,000 a year by the farm loan and joint-stock land banks, and many millions more by the States and subdivisions of the States—but even at the present rate it will be a long while before the issuance of these securities will become an actual menace to the fiscal affairs of the Government. Primarily, I have been opposed to the policy of tax exemptions; but discussion of the policy at this time is purely academic, as many States are averse to the suggested change, and it will not be made now. That is certain.

Mr. FLETCHER. Mr. President, I must differ with the Senator from Virginia, whose opinion and judgment I very greatly prize and value. In my judgment, it is not so much a question of constitutionality or unconstitutionality that is involved here; perhaps it is not so much a question of affecting the actual value of tax-exempt securities if this provision as it came from the House remains in the bill. It is a serious question, however, first, of good faith on the part of the Government when by law we provide that certain securities shall be exempt from all taxation and in this indirect way we provide that they shall not be fully exempt. That is an important and a serious question, as the Senator from Maryland has said.

Not only that, but there is another question which is very important and serious: Some of this class of securities have been advertised all over the country and are being advertised—for instance, the farm loan bonds, the debentures of the intermediate credit banks, and the joint-stock land bonds—as exempt from all taxation. The land bank bonds are sold, on that representation, through a syndicate. That syndicate of bond houses throughout the country receives a certain commission for the handling, the sale, and the distribution of these bonds. That syndicate advertises the bonds and represents to the public that they are exempt from all taxation—Federal, State, county, municipal, and every other form of taxation. Of course, a representation of that sort aids very greatly in the sale and disposition of the bonds. It broadens the market; it creates a demand for them which otherwise would not exist. The bond houses, the syndicate, and the Farm Loan Board will not be able to represent these bonds as tax exempt if this provision remains in the bill; the syndicate will not be able to advertise truthfully and tell the world that these bonds are exempt from taxation, although laws of Congress do now exempt them.

Mr. GLASS. They are exempt, and we are not proposing here to tax them.

Mr. FLETCHER. That is precisely what it is proposed to do.

Mr. GLASS. We are proposing to put a limitation upon the misuse of them by people who are entitled to no consideration.

Mr. FLETCHER. Oh, there is much talk about their misuse. Does the Senator wish to do away with tax-exempt securities?

Mr. GLASS. No; merely a limitation on their use.

Mr. FLETCHER. Well, it is desired to cure the evil of tax evasion. Complaint is made of people who devise all sorts of methods and schemes for escaping taxation. Very well; remedy that situation in some legitimate and proper way. We are not reaching that problem by putting into the law that hereafter interest on tax-exempt securities shall not be deducted from the income; that, although the interest paid by the taxpayer is deducted from the income, that amount is to be reduced by the amount of interest which he receives from tax-exempt securities. So it is proposed indirectly to tax these securities. There is no escape from that conclusion.

Mr. GLASS. If my colleague from Florida will permit me, I wish to modify the very sharp answer I gave about tax-exempt securities. I go so far as to say that if we had not already adopted the policy of issuing tax-exempt bonds I would not now embark on it; but I do think, from my recent examination of the statistics and facts, that its relation to the fiscal affairs of the United States has been very greatly exaggerated.

Mr. FLETCHER. Mr. President, I want to say this just at this point: The moment you empower the Federal Government to go into the States and tax the securities issued by the States, counties, and municipalities, that moment you put into the hands of the Federal Government authority and power sufficient to destroy the States.

Mr. GLASS. Mr. President, I am not going to embark on an academic discussion with the Senator——

Mr. FLETCHER. I want to go on with the thought I was expressing.

Mr. GLASS. But I want to say this: The Senator ought to be fair and state the whole question and not merely part of it. The proposition was, as I understood it, to enable the States to come into the National Capital and tax Federal securities as well.

Mr. FLETCHER. Why, of course; and what does that amount to?

Mr. GLASS. But the Senator did not say so.

Mr. FLETCHER. I had not finished what I began to say. What does that amount to? The proposition originally was to authorize the Federal Government to tax State securities, but they saw there was no chance to get through that sort of a provision, and so they said, "If the Federal Government is given the right to do that, we will provide also that the States may tax Federal securities"; but that amounts to nothing and especially in those State where there are no income tax laws and no inheritance tax laws.

Mr. CARAWAY. Mr. President, may I suggest to the Senator that that is just making the people pay two taxes.

Mr. FLETCHER. Precisely; it is making them pay two taxes.

Mr. CARAWAY. And may I call this to the Senator's attention: As he knows, in the original income tax law we undertook to tax the salaries of the President and the judges of the courts.

Mr. FLETCHER. Yes.

Mr. CARAWAY. We said, just as this provision says, that we were not taxing their salaries; that they were just compelled, like other folks, to bear their part of the burdens of government. It is rather interesting to notice their opinion upon that question, however. It was an indirect way of diminishing their salaries, they said, and therefore it was unconstitutional, and they promptly walked out from under it. This is an indirect way to avoid the provision of the bond that it is tax-exempt by limiting the use to which it may be put and narrowing the market for it and destroying its value.

Mr. FLETCHER. Precisely; detracting from its value.

Mr. CARAWAY. Without question it is as much an attack upon the bonds as the original bill was upon the salary of the President and judges of the courts.

Mr. FLETCHER. I think the Senator is quite right; and while, as I say, I have the very highest regard for the opinion of the Senator from Virginia [Mr. GLASS], and know from his experience both in legislative and in executive affairs that he is most competent to speak on these questions, here is a matter, however, which I think other people have had, perhaps, a little different and a little more direct experience in handling.

For instance, this bond syndicate actually advertises, sells, and distributes these bonds. I wrote to Alexander Brown Sons & Co., and received a reply from Mr. B. Howard Griswold, jr., of that firm, one of the important members of this syndicate, which has had experience, as I say, in selling the Federal land bank bonds, extending from the very beginning of the operations of the farm loan act, and such experience for much longer time in handling other securities, and they are one of the chief factors in the syndicate mentioned. I asked them about the effect of this amendment, and this is what Mr. Griswold says:

MARCH 24, 1924.

MY DEAR SENATOR FLETCHER: I have just received your letter of the 22d instant, asking for an opinion and views respecting paragraph (c), page 46, of H. R. 6715 as it passed the House. It is indeed a serious attack upon the exempt features not only of farm-loan bonds but of State, municipal, and county bonds. I am anxious to answer your inquiry as fully and accurately as possible, and at the first opportunity will send you a full reply.

Subsequently I offered an amendment striking out this paragraph, and I appeared before the Finance Committee. The paragraph, as you see, was stricken out by that committee. There was no occasion for any further reply from Mr. Griswold, or any further discussion by him; but this is his positive statement, based upon his experience in the bond market as a seller of bonds and his knowledge of the proper method of marketing these securities and what it takes to sell them; and he said:

It is indeed a serious attack upon the exempt features not only of farm-loan bonds, but of State, municipal, and county bonds.

I submit that we can not ignore the views, the judgment, the opinion of the people who are in this business day in and day out. That is their life. That is their occupation. They can not any longer put upon their literature a statement, clear and unqualified, that these bonds are exempt from all taxation if this provision remains in the bill.

Not only that, but Governor Cooper, of the Farm Loan Board, saw me about this matter, and I have a letter from him to the same effect. I have here also a copy of his letter to the Finance Committee dated March 27, 1924. He is the farm-loan commissioner and was formerly Governor of South Carolina. He has been for some years a member of the Farm Loan Board. He knows precisely what is necessary to continue the operation and the effective functioning of that great bureau of the Treasury, and he knows how these bonds are sold. He knows that unless the bonds are sold there are no funds to be loaned to the farmers of the country. They must depend upon the proceeds of the sale of these bonds for the money with which to make the long-time loans provided for in the act, and he knows the importance of this tax-exempt feature. He knows that it is provided for in the existing law. He knows that the representation has been made to the public everywhere that these bonds are fully tax exempt. He knows the importance of that feature in the matter of the sale of the bonds, and especially with regard to the low interest rate which these bonds must bear in order to meet the needs of agriculture.

The purpose of putting the tax-exempt feature in those bonds was to enable them to be sold at par at a low rate of interest. They have been sold at 4½ per cent and 5 per cent at a premium; they have been readily taken up, as the Senator from Virginia has said, heretofore; and the law is such that the farm borrowers get all the benefit of this low rate of interest, because we have provided further in the act that no borrower shall be charged more than 6 per cent on any loan obtained through that system. The borrower therefore gets the benefit of the low rate of interest, and not the bank that makes the loan. The law further provides that the bank can not charge the borrower over 1 per cent above the rate of interest which the bonds bear. It was intended that that 1 per cent should cover the cost of administration. As a matter of fact, one-half of 1 per cent covers it. As a matter of fact, too, if the system is allowed to function to its full possible limit one-fourth of 1 per cent and, finally, one-eighth of 1 per cent will pay the cost of administering the system; and the borrowers are to get the benefit of the low rate of interest the bonds bear, plus the cost of administration.

That is the law. You can not strike down that tax-exempt feature without increasing the rate of interest which the borrowers must pay through that system. You can not do that without destroying the statement of facts which is now properly made in the literature and the advertisements respecting these bonds that they are totally and absolutely exempt from all taxation; and you will make that impossible unless you agree to this committee amendment and strike this provision out of the bill, so Governor Cooper says.

Mr. DIAL. Mr. President, the demand for these funds is very great, too, is it not?

Mr. FLETCHER. Why, of course. There are outstanding mortgages on farms of this country to-day of over $7,000,000,000.

Mr. DIAL. I mean there is a great demand for more, too?

Mr. FLETCHER. Of course there is a great demand for more. It is to the interest of these farmers who are paying all the way from 7 to 8 or 10 or 12 per cent, counting commissions, fees, and expenses, on those loans to have them taken up under the farm-loan system, where they can get their money at 5½ per cent; so the demand on the Federal land banks for loans is almost unlimited, if for no other purpose than to take up outstanding mortgages on which in many instances the farmers are paying twice as much interest as the interest charged by the Federal land banks.

Mr. CARAWAY. And in addition to that they do not get the advantage of the amortization plan.

Mr. FLETCHER. Yes; amortization and terms practically of their own choosing are provided for in this act, allowing them to pay 1 per cent per annum until the whole principal is paid; so that they pay off the principal and have the use of the money, and by paying at the rate of about 6 per cent per annum they pay the interest on the loan and pay the principal at the same time. They have the privilege of having these loans run for 35 years if they like, or they have the right to pay off any part or all of the loan at any interest period after five years. The act provides that they can do these things in a way that relieves them of the fear of losing their homes; and all those features, of course, are intended to meet the needs of the farmers of the county by supplying them with accommodation through these facilities. The tax-exempt feature is an important part of the plan, the policy, and the law; and whenever you undertake to strike that down, to take it away, to destroy it, you are interfering seriously with this

great system, and if you carry it far enough you will destroy the system, because it will be impossible for the Federal land banks to make loans within the limitation provided by the act.

People talk a great deal about tax-exempt securities and about the evasion of the law. For Heaven's sake, are there no evasions of the payment of taxes except through tax-exempt securities? People talk as if this were the only thing that produces rascality in the payment of taxes and evasion of the law. Why, it is almost an infinitesimal thing, because the total of the tax-exempt securities outstanding in the whole country is only $12,300,000,000, whereas the total of all securities throughout the country amounts to $300,000,000,000.

People talk about necessity for taxing these tax-exempt securities in order to make people honest and have them pay their legitimate income taxes, although $12,300,000,000 takes in the whole of the tax-exempt securities throughout the whole country, and there are other securities amounting to $300,000,000,000. We do not hear any talk about them.

This is a drive at the tax-exempt feature of these farm-loan bonds, I tell you. It is a drive in which there are three groups interested, determined to win if they can. They are present holders of tax-exempt securities, land-mortgage bankers, and public utilities. At first an effort was made simply to repeal the law exempting these bonds from taxation. The people who were behind that were the land-mortgage bankers, with headquarters in Chicago. They had been negotiating loans upon farms, charging the borrowers 6 or 8 per cent, with 2 per cent commission, and so forth, loans running from three to five years, and whenever they fell due another commission of 2 per cent or such a matter had to be paid by the borrower. They did not want that business interfered with, so they proceeded to attack this feature of the farm-loan bonds. They did not get very far, however, because they saw that they were antagonizing the greatest industry in this country, agriculture; that they were attacking in this particular way the people who produce the Nation's food, and they could not make much headway in Congress.

Then they devised this bright scheme of proposing an amendment to the Constitution of the United States whereby the incomes on all securities issued by the Federal Government or authorized by the Federal Government may be taxed by the States, and the incomes on all securities issued by the States and by authorities of the States may be taxed by the Federal Government. They said, "That is fair enough. We are going to let the States tax the incomes on such securities as the Federal Government issues or authorizes and then the Federal Government must have the right to tax incomes of all those issued by the States." That would mean, of course, that the farm-loan bonds issued not by the Federal Government but by authority of the Federal Government would be taxed. Otherwise the Federal Government could not tax the incomes on State securities. Consequently it is a drive again at the farm-loan bonds. That is the real intention of it.

Mr. GEORGE. That would be a very unfair proposal, especially to a State that did not have any income-tax system of its own—that had not imposed that system upon its people. The Senator has spoken of the Federal farm-loan banks. Of course, his observations relate to the joint-stock land banks and to the intermediate credit banks.

Mr. FLETCHER. Precisely. I am glad the Senator mentioned that. I refer to that whole system, including the joint-stock land banks and the intermediate credit banks. And there are States, like Florida, which imposed no income or inheritance tax whatever. They would, of course, derive no benefit from the privilege of taxing Federal securities, but all their securities could be taxed by the Federal Government.

There are three groups primarily interested in this movement, this attack upon tax-exempt securities; first, those who already have tax-exempt securities. The minute you impose taxes on further issues of securities which are now exempt, that minute you increase the value of those securities now outstanding; you will increase by $120,000,000 or more the value of the securities now held by people, including the Rockefeller estate, so much talked about here to-day.

Mr. SMITH. Mr. President, if the Senator will allow me, I do not want him to fail to notice in this connection that the bonded indebtedness of the United States is some 15 or 20 times greater at the present time than it has been perhaps since the Civil War, and we have almost reached the limit of the issue of the bonds. Therefore, if we shall impose a tax on those that are hereafter to come, we will greatly enhance the value of those already existing.

Mr. FLETCHER. That is quite true, and that raises another thought which had escaped me, namely, that we can not of course make any law which will be retroactive; we can not pass a law to tax securities issued under a law which made them exempt from taxation. We can only pass a law, by constitutional amendment and by legislation, to apply to the future, so that only future issues will be affected by either a constitutional amendment or legislation.

The Senator from South Carolina [Mr. SMITH] mentioned the fact of our enormous outstanding bonded indebtedness. We are reducing that instead of increasing it. The Federal Government will have practically no new issues of bonds, and therefore the States will get nothing in this trade. This swap to the States is simply a pretense, it is one-sided as to the States, and I am satisfied they will see it. That kind of an amendment will never be adopted by the required number of States in this country.

That is the situation. The Federal Government does not contemplate issuing any more tax-exempt securities; it does not have to. We are reducing those now in existence. The States, counties, and municipalities, of course, will be issuing more bonds and more securities as time goes on. The Federal Government will get the right to tax the incomes on those issues, and the States will get the right to tax the incomes on the new issues of the Federal Government, which will be nil.

I started to read from this letter of Governor Cooper. I offered an amendment, as I said, to strike out the provisions of the House text, as the committee has done, and he refers to that and says:

> The amendment proposes to strike out subdivision (c) of section 214.

That deals with deductions allowable from taxable income.

> The Federal loan act declares Federal farm loan bonds, and the income derived therefrom, to be free from all taxation, National, State, and local. The provisions of subdivision (c), which it is proposed to strike out, do not impose a direct tax on income derived from tax-exempt securities, but it does deny in certain cases to the owner of a tax-exempt security deductions from his taxable income which would be allowable if he did not own the tax-exempt security. The effect, therefore, is the same as if a tax were imposed on an instrumentality which the Government has declared to be tax exempt if the owner of the security is in debt or if he sustains losses in nonbusiness investments. The purpose in providing for tax exemption of farm loan bonds was to broaden the market and induce persons to buy this particular security. It occurs to me as an act of bad faith for the Government now to deny to the owner of a tax-exempt bond a deduction from his taxable income which would be allowance to him if he was not the owner of the tax-exempt security.

He says further:

> If subdivision (c) is to remain as a part of the revenue act, and it shall become law, the Federal land banks, joint-stock land banks, and Federal intermediate-credit banks will hardly be in a position to offer their obligation to the public as wholly tax exempt. We have given this matter quite a good deal of consideration before reaching this conclusion.

That is signed by the farm loan commissioner. I ask to have the letter go into the RECORD at the conclusion of my remarks without reading it. This is the opinion of the Farm Loan Board as expressed by Commissioner Cooper.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See Appendix.)

Mr. FLETCHER. A short time ago I mentioned the fact that great stress had been laid on the transactions of one individual. We have heard a good deal about Mr. Rockefeller's estate investing in tax-exempt securities very largely. That is a mere bagatelle, and it should not be urged here as an evidence that big taxpayers are seeking to escape legitimate taxation by investment in tax-exempt securities. In my judgment a man who invests in tax-exempt securities is prepaying his income tax on his investment. He is investing in a security at such a low rate of interest—and he does it because it is safe, because it is tax exempt—as practically to put him in the position of paying in advance the income tax on the money which he puts into those securities.

There were incomes in the form of dividends, profits, interest, and business savings for all industries amounting in 1918 to more than $27,000,000,000, nearly one-half of the total output of these industries, which was a little over $67,000,000,000. What figure does it cut for Mr. Rockefeller to invest $40,000,000 in tax-exempt securities? As I said a moment ago, the tax-exempt securities now outstanding amount to $12,300,000,000, and the total securities held by private individuals amount to some $300,000,000,000.

The people who are evading taxation and whom it is desired to circumvent by this sort of legislation are all shown on page 383 of the annual report of the Secretary of the Treasury for

1923. The table there gives the incomes wholly tax exempt reported by individuals paying net incomes of $5,000 and over for the calendar year 1920, showing that interest on United States obligations amounted to $37,559,460 and interest and salaries from States and Territories amounted to $67,925,712, a total of wholly tax-exempt incomes reported by individuals having net incomes of $5,000 and over for the calendar year 1920 of $105,485,172.

Turning to that report, also at page 382, where the totals are given, under the head of "Personal returns," the number of returns are given, and the net income as shown by the returns amounted to $23,735,629,183. That gives the amount of total net incomes of individuals for the time stated, for the calendar year ended December 31, 1920, showing these enormous figures as to the total incomes shown by the returns of 7,259,944 taxpayers, whereas the income from tax-exempt securities amounted to only $105,485,172.

I say, Mr. President, this is a stab at the tax-exempt feature which has been so conscientiously and wisely devised by Congress as an essential factor and means of providing an adequate financial system to meet the needs of agriculture of this country. It is an effort to destroy that feature. It is the beginning. It is a part of the whole scheme connected with the proposed constitutional amendment. I expect to go into that question pretty fully at some later date.

In my judgment it would be a step backward, a serious mistake, for the Senate not to agree to the amendment proposed by the committee in this paragraph. Certainly that provision in the House bill, if not eliminated, will interfere with the market and the sale of these securities. Certainly it will make it impossible for the syndicate which handles these securities under the farm-loan system to represent to the public that they are, as the public knows they are now, exempt from all taxation.

I do not care to go into the constitutional question at this time nor the question whether the amendment reaches to State securities or not. It seems to me that the proposal does extend to all tax-exempt securities whether issued by the Federal Government or by a State. If, under the provisions of the bill as it came from the House, securities issued by the State are attempted to be taxed, clearly that is beyond the power of Congress to do. That would be unconstitutional. That may be rather a remote conclusion to reach with reference to it, and I am not basing my support of the committee amendment upon the unconstitutionality of the provision. However, that is a question which is really involved and entitled to some study and consideration by those who can analyze it and follow it to its ultimate limit.

The Governor of Maryland evidently holds and believes fully that it does in effect tax State securities. The expert on bonds and bond sales, Mr. Griswold—and I understand there is no better informed man on the subject in the country, and that he is a thoroughly trustworthy and honorable man of the highest standing—has said that it is a serious attack upon the tax-exempt features, not only of farm-loan bonds but of State and municipal bonds. The Senator from Tennessee [Mr. McKELLAR] raised the question whether the sixteenth amendment takes care of it, and I called his attention to the fact that the sixteeth amendment did not confer any new power of taxation on the Federal Government. I very briefly refer to it now because it may come up later and it is worthy of being kept in mind.

In the first case which arose under the sixteenth amendment, the case of Brushabor *v.* Union Pacific Railroad Co. (240 U. S.), the Supreme Court committed itself on the question of whether or not the sixteenth amendment gave to Congress any new power of taxation. This was a suit by a stockholder to restrain the defendant corporation from paying an income tax imposed by the tariff act of 1913 on the ground that it was unconstitutional. Chief Justice White, in the course of upholding the validity of the act, said:

> It is clear on the face of this text that it [the amendment] does not purport to confer power to levy income taxes in a general sense—an authority already possessed and never questioned—or to limit and distinguish between one kind of income taxes and another, but that the whole purpose of the amendment was to relieve all income taxes when imposed from apportionment from a consideration of the source whence the income was derived.

In the case of Stanton *v.* Baltic Mining Co. (1916) (240 U. S. 103), an action in form similar to the Brushabor case, the court said:

> But aside from these obvious errors of the proposition intrinsically considered, it manifestly disregards the fact that by the previous ruling it was settled that the provisions of the sixteenth amendment conferred no new power of taxation, but simply prohibited the previous complete and plenary power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged and being placed in the category of direct taxation, subject to apportionment by a consideration of the sources from which the incomes were derived; that is, by testing the tax not by what it was, a tax on income, but by a mistaken theory deduced from the origin or source of the income taxed.

It is significant, Mr. President, that the court saw fit to announce in each of these cases that the amendment did not extend the taxing power of Congress to cover any new subject. That we ought to keep in mind. That undoubtedly was the reason the opponents of tax-exempt securities determined to propose the constitutional amendment the House recently defeated.

Since the ratification of the sixteenth amendment the Supreme Court of the United States in dicta and in decision has consistently adhered to the view that the amendment does not extend the taxing power of Congress to cover any new or excepted subject.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Georgia?

Mr. FLETCHER. I yield.

Mr. GEORGE. I want to call the Senator's attention to the fact that the latest case is that of Evans against Gore, although the question was not directly involved, but substantially decided by the court, upholding the decision to which the Senator has referred, all of which was, of course, since the adoption of the sixteenth amendment. In most of these cases the question was not directly or necessarily involved, and the language of the court is, of course, dicta; but in the latest case it is very much more than dicta in effect and certainly does substantially hold that the power of the Congress to tax incomes since the ratification of the sixteenth amendment is now precisely what it was prior to the adoption of the sixteenth amendment, except that Congress is relieved of the necessity of apportioning it according to population.

Mr. FLETCHER. I am obliged to the Senator from Georgia.

Mr. REED of Pennsylvania. Will the Senator state what case he refers to when he mentions the latest case? Is that the case of Evans against Gore?

Mr. GEORGE. Yes; that is the case.

Mr. FLETCHER. I had referred to the cases of Brushabor against Union Pacific Railroad Co. and Stanton against Baltic Mining Co. Similar dicta appears in Eisner against Macomber and in Pack & Co. against Lowe. The case of Evans against Gore is found in Two hundred and thirty-third United States, at page 245.

I had not intended to go into this subject fully at this time. I feel it important to refer to it inasmuch as the question has been suggested by others and really is a question that is involved, in my judgment. The effect of this sort of legislation would be to discriminate at least against tax-exempt securities and in a way—a very serious way—interfere with the salability of those securities and make it impossible to advertise them as being fully tax exempt. I think it is a step that is aimed at and has eventually the purpose to destroy the tax-exempt features, especially in farm-loan bonds.

APPENDIX

MARCH 27, 1924.

Committee on Finance, United States Senate, Washington, D. C.

GENTLEMEN: Responding to yours of March 17, requesting that the Farm Loan Board furnish the committee with such suggestions as it may deem proper touching the merits of the amendment proposed by Senator FLETCHER to H. R. 6715.

The amendment proposes to strike out subdivision (c) of section 214. Section 214 deals with deductions allowable from taxable income. Paragraph 2 of subdivision (a) allows as a deduction all interest paid or accrued within the taxable year on indebtedness. Paragraph 5 of the same section provides that losses sustained during the taxable year and not compensated for by insurance, or otherwise, if incurred in any transaction entered into for profit though not connected with a trade or business, are deductible.

The Federal farm loan act declares Federal farm-loan bonds, and the income derived therefrom, to be free from all taxation—National, State, and local. The provisions of subdivision (c), which it is proposed to strike out, do not impose a direct tax on income derived from tax-exempt securities, but it does deny in certain cases to the owner of a tax-exempt security deductions from his taxable income which would be allowable if he did not own the tax-exempt security. The effect, therefore, is the same as if a tax were imposed on an instrumentality which the Government has declared to be tax-exempt if the

owner of the security is in debt or if he sustains losses in nonbusiness investments. The purpose in providing for tax exemption of farm-loan bonds was to broaden the market and induce persons to buy this particular security. It occurs to us as an act of bad faith for the Government now to deny to the owner of a tax-exempt bond a deduction from his taxable income which would be allowable to him if he was not the owner of the tax-exempt security.

On January 31, 1924, there was outstanding in the hands of the investing public $1,207,428,260 of farm-loan bonds. By the terms of the act under which they were issued and sold they were declared to be tax exempt. The original purchaser paid for this tax exemption in that the rate of interest borne by these bonds is less than it otherwise would have been. The consideration having been paid in good faith, and the bonds having been offered in good faith to the public, it is respectfully submitted that any act of the Congress which in any way limits the benefits of the tax-exempt security to the investor would very materially affect future sales.

It is very essential that institutions of a quasi-public character, like Federal and joint-stock land banks and Federal intermediate credit banks, may be able to definitely insure investors that these institutions are able to carry out the terms of any contract entered into by authority of Congress. The Federal Government is not obligated to grant tax exemption to farm loan bonds, but since it saw fit to do so, and the obligations were sold to the public, we submit that any person who desires to purchase and own one of these bonds should be able to do so without depriving himself of any deduction allowable by law from his taxable income.

If subdivision (c) is to remain as a part of the revenue act, and it shall become law, the Federal land banks, joint-stock land banks, and Federal intermediate credit banks will hardly be in a position to offer their obligations to the public as wholly tax exempt. We have given this matter quite a good deal of consideration before reaching this conclusion. If it is the purpose of Congress to limit deductions from gross income as provided in subdivision (c) then we respectfully urge that a provision be inserted to the effect that the limitation shall apply only to future issues.

We think it proper to state that the Secretary of the Treasury, who is ex-officio chairman of the Farm Loan Board, does not concur in the views herein expressed.

Respectfully submitted.

R. A. COOPER,
Farm Loan Commissioner.

Mr. DIAL. Mr. President, I had intended to make a few observations on the pending question, but the Senator from Florida [Mr. FLETCHER] and the Senator from North Carolina [Mr. SIMMONS] have expressed my views better than I could have done. I concur with them in all they have said in commendation of the ability and conscientiousness of Governor Cooper, who is at the head of the Farm Loan Bureau. I also concur with what the Senator from North Carolina said in reference to Mr. McLean, whom I know well. Those are two able and conscientious men trying to do everything they can to help the country and particularly the agricultural interests.

As I understand the proposition, we would be acting in bad faith not to sustain the committee amendment, and that we would certainly increase the rate of interest hereafter on bonds we may float or renew. We should do everything we can to make the burdens upon the laboring people as light as possible. I know that Governor Cooper is very much concerned about the matter. I have a letter from him, but it is no doubt similar to the letter to which the Senator from Florida [Mr. FLETCHER] has referred. I also know that he was greatly relieved when the Senate committee struck out the House provision. I thought then that the matter was settled, and would not be brought up again in the Senate. I hope very much that the committee amendment will be agreed to.

Mr. JONES of New Mexico. Mr. President, I desire to say only a few words. It seems to me that I am somewhat confused about the situation and I should like to be sure that I am not. For instance, the Senator from Pennsylvania [Mr. REED] contended that to strike out this paragraph would open the door to tax evasion. The illustration which he gave was that if a man had a taxable net income of $50,000 a year, he could borrow the money and buy a million dollars worth of tax-exempt securities and through deduction of interest which he paid he would equalize his tax and pay nothing.

Now, I have thought of that question in this way: If a man had $50,000 net income and wanted to evade the tax, in order to adopt the scheme suggested by the Senator from Pennsylvania it would be necessary for him to buy a million dollars' worth of tax-exempt securities which would bear a rate of interest of 5 per cent. It is generally recognized that the rate of interest on money which is not tax exempt is at least 1 per cent higher than that which is tax exempt. So I take it that the man who would borrow the million dollars with which to buy the million dollars' worth of tax-exempt securities would have to pay out in interest during that year $60,000, because he would have to hold the tax-exempt securities for a year if the amount of interest derived therefrom was equivalent to the $50,000. So we have the very anomalous situation of a man borrowing a million dollars at 6 per cent interest for a year and paying $60,000 for it, when the income from the tax-exempt securities which he buys is only $50,000. In other words, as to that part of the transaction he has paid out $10,000 more than he has received.

I turn to the schedule in order to ascertain what the inducement would be and I find this: On a net income of $50,000 subject to tax the amount of tax proposed by the majority of the Finance Committee would be $6,657.50, while under the plan proposed by the minority it would be $6,137.50. In order to save the payment of six thousand and odd dollars the taxpayer is out on his transaction $10,000.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield to me?

Mr. JONES of New Mexico. I am glad to yield to the Senator.

Mr. REED of Pennsylvania. Of course the illustration which I gave presupposed the ability of the borrower to borrow at a rate somewhere near the interest received on the tax exempts; and I grant that in order to make the illustration a simple one I took low figures which did not sound extravagant and impossible. If the Senator will apply it to the case of William Rockefeller—the precise case that I used in what I said earlier to the Senate—it will be found that Mr. Rockefeller saved over $1,000,000 a year and the Government lost that amount from that one taxpayer alone.

Mr. JONES of New Mexico. Mr. President, if I understand the case of William Rockefeller it is this: Mr. Rockefeller wanted to divide his income with his children, and he gave them his notes for $31,000,000. He happened to own at the time he died $43,000,000 worth of tax-exempt securities; but if Mr. Rockefeller had borrowed the $31,000,000 from his children he would have invested it in something.

Mr. REED of Pennsylvania. But, Mr. President, the facts in reference to the estate show that he gave that amount to the children, then borrowed it back, and then deducted from his taxable income the whole amount of interest accruing to his children of $1,800,000 a year. By that process he took away from the reach of the Government his entire taxable income. That man had his share of government paid for by his fellow citizens entirely. The process in his case worked out to exempt from taxation $1,800,000 a year; and according to the rates of taxation on it, the tax would have been, if he had paid it, over a million dollars a year.

Mr. OVERMAN. Was not that a fraud on the Government?

Mr. JONES of New Mexico. The Senator from Pennsylvania necessarily ignores the fact that the children had to pay some tax on what they got as interest paid on the promissory notes.

Mr. REED of Pennsylvania. I am not familiar with the tax returns of the children, but if they were half as adroit as was their ancestor I very much suspect that they did not pay a very high tax.

Mr. OVERMAN. I repeat, was not that a fraud on the Government?

Mr. REED of Pennsylvania. If it is a fraud on the Government to take advantage of loopholes which Congress, after such warnings as it has been getting to-day, deliberately persists in leaving open, then it was a fraud.

Mr. OVERMAN. Could not the Secretary of the Treasury to-day collect that tax?

Mr. REED of Pennsylvania. I do not think he could.

Mr. OVERMAN. I think he could.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield further to the Senator from Utah?

Mr. JONES of New Mexico. I yield.

Mr. SMOOT. I will say to the Senator that the first time I knew of evasions of taxes in this way was from a conversation with a man who was interested in business in New York and who in a boastful manner told how he had evaded the tax. He told me that he borrowed a million dollars; that he paid but 5 per cent on that million dollars; that he bought securities, I think he stated, of one of the cities of North Carolina or of the State of North Carolina, which netted him a little over 5 per cent; and that he not only had his $50,000, but that he had a little more than the $50,000 on the basis on which he purchased the North Carolina bonds. That man further told me exactly what he did that for; that it was in order to evade the taxes. He did it under the law, as anyone else can do it.

Mr. OVERMAN. He can not evade the taxes in that way. The Government can recover every cent of the tax.

Mr. SMOOT. The Senator from North Carolina says that, but the law permits it.

Mr. JONES of New Mexico. Mr. President, I think this matter is worthy of a little further consideration. I think the sanity of the individual with whom the Senator from Utah [Mr. SMOOT] talked ought to be inquired into if any such transaction as that occurred. I can understand how Mr. Rockefeller, dealing with his children, may have done a very unnatural thing, but if we examine this question a little further, even if a man were able to borrow the money at the same rate of interest as the tax-exempt security bears, I submit that it does not comport with good business judgment for him to enter into such a transaction.

I can illustrate that. Assume that a man borrows a million dollars for the purpose of evading taxes on a net income of $50,000, and assume that he borrows at the same rate of interest as the tax-exempt securities bear. Then what do we find? We find that he has borrowed $1,000,000; that he has bought tax-exempt securities to the amount of $1,000,000, face value, and has held them for a whole year in order to avoid the payment of a tax of something over $6,000. Where is the sane business man who would subject himself to a liability of $1,000,000 for a year in order to avoid the payment of $6,000?

I submit, however, that there are very few individuals who would be able to borrow money at the same rate of interest as the tax-exempt securities bear. It is generally conceded, I say, that money loaned in the market which is subject to tax brings in about 1 per cent more than does the tax-exempt security. That is the ordinary course of business in this country; and a man who acts in the ordinary way, the usual way, would be absolutely penalized in the transaction for attempting to do any such unnatural thing.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. JONES of New Mexico. I yield.

Mr. SMOOT. If a man has an income largely in excess of the interest paid, then his income would fall in the higher brackets. That is the case with a business man, and then the rate the Senator from New Mexico suggests would not apply.

Mr. JONES of New Mexico. I have figured such a case on a hundred thousand dollar basis.

Mr. SMOOT. But if a man has an income of a hundred and fifty thousand dollars and should borrow the amount referred to and should pay $50,000 in interest, he would be taxed on a hundred and fifty thousand dollars less the $50,000. His income would fall in a higher bracket, and he would have a great deal more than a tax of $6,000 to pay.

Mr. JONES of New Mexico. The Senator understands that it goes up progressively. He would have to borrow a million dollars to attempt an equalization of $50,000, and to attempt to equalize $100,000 he would have to borrow $2,000,000; and where is the man who is going to borrow $2,000,000 for the purpose of evading the tax on a hundred thousand dollars?

Mr. SMOOT. I had reference only to a partial borrowing of money in order to bring the brackets down lower so that the surtax will fall in a lower bracket. If a man has a large income, one over $50,000, and can succeed in reducing the taxable amount his income falls in a lower bracket not only as to the fifty thousand but as to all that he makes over and above the $50,000.

Mr. JONES of New Mexico. Yes; but the Senator knows that the taxpayer would have to borrow $1,000,000 in order to save the tax on $50,000; so that whether a man's income is $1,000,000 or $5,000,000 for every $50,000 of it he has got to borrow $1,000,000.

Mr. SMOOT. I see the Senator does not get the point I am endeavoring to make.

Mr. JONES of New Mexico. I think I do.

Mr. SMOOT. There is not so much liability in the case of a man who borrows money with which to buy tax-exempt securities, for he can sell them at any time he desires to do so.

Mr. JONES of New Mexico. But does not the Senator realize that the taxpayer has got to keep those tax-exempt securities for a year in order to accumulate the earnings on them?

Mr. SMOOT. Certainly, but the taxes are only due at the end of the year also. That is the object of the scheme. The taxpayer can keep the bonds for 10 years, so far as that is concerned, and so long as he keeps them he has that advantage.

Mr. McLEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Connecticut?

Mr. JONES of New Mexico. I yield.

Mr. McLEAN. If a taxpayer whose income is $150,000 borrows money and pays $50,000 interest, he saves the 30 per cent surtax and only pays 6 per cent interest, and on that basis is in just 24 per cent on the surtax.

Mr. JONES of New Mexico. That is true.

Mr. McLEAN. That is worth while.

Mr. JONES of New Mexico. There may be some little inducement when the very high brackets are reached, I recognize that; but it must be understood that the man who goes into that sort of an undertaking must do it deliberately, and he must stay in the transaction the whole year and be subject to the liability upon his own promissory notes for that length of time in order to get the benefit or to have accrue to him the interest upon the tax-exempt securities.

Mr. REED of Pennsylvania. May I give the Senator an illustration?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. JONES of New Mexico. I yield.

Mr. REED of Pennsylvania. I will give the Senator an illustration which practically shows just what happens. This is not the case of Rockefeller, although it is the same kind of a trick. I know of a man who bought a million and a quarter dollars of tax-free Liberty bonds paying 3½ per cent. He went to the bank to get the money to buy them, and he had to pay 5 per cent interest, because money was high at that time. That is a still more extreme case than the one which the Senator has supposed. He put up as collateral other securities so that he could not be accused of borrowing the money to buy the tax exempts and so thereby come within the meaning of the present law on that subject, but he did it for that purpose. In all he bought a million and a quarter dollars worth of Liberty 3½ per cent bonds at slightly under par, and he paid 5 per cent for the money; but he was a very rich man and the 5 per cent that he paid reduced his taxable income more than one-half. In other words, he could afford to pay 1½ per cent more interest than the tax frees were bringing him because of the very great saving that he made in the tax on his taxable income. He was in the upper brackets; he was paying 58 per cent, the maximum rate, and he could have afforded to pay the bank 7 per cent to buy 3½ per cent tax frees and still make money on them. That is the way it works out.

Mr. JONES of New Mexico. That is assuming that the taxpayer has unlimited credit——

Mr. REED of Pennsylvania. This man had unlimited credit.

Mr. JONES of New Mexico. And can buy all the tax-exempt securities he wants, but he would have to buy a million of them in order to save the taxation upon $50,000, and how many millions would a man have to borrow in order to save the tax on a half a million dollars income? He would have to borrow $10,000,000?

Mr. REED of Pennsylvania. The record shows Mr. Rockefeller borrowed $31,000,000 to get rid of taxes on $1,800,000.

Mr. JONES of New Mexico. Mr. President, that Rockefeller transaction I do not think is worthy of any comment. That was a case of a man dealing with his own children. So I do not think we need worry about this.

The Senator from Virginia [Mr. GLASS] did not think that this would affect the market for tax-exempt securities. My judgment is that it would, and I want to say briefly why I hold to that opinion.

It is quite a common thing for a man, whether in business or out, to carry some securities which are unquestioned, usually some tax-exempt securities. All of the Liberty bonds are tax exempt to a certain extent. They are exempt from the normal tax, and at the present time I believe that an individual may own as much as $55,000 of these 4¼ per cent bonds and have them wholly exempt. A man of moderate means who has $50,000 or $100,000 invested in Government bonds merely to enable him to secure money to meet any special demands upon him holds those bonds to use as collateral when he wants to borrow some money. A man with such a limited income that he has only $25,000 or $50,000 of tax-exempt securities concludes to build himself a house. He does not want to sell those securities. He is holding them as a permanent investment. He realizes that his income from other sources will gradually pay for the building of the house; but in the meantime, instead of selling his securities, he concludes to borrow money on them. He pays an additional rate of interest above that which he would get on his tax-exempt securities, because he realizes that his loan is only a temporary one. To put in this kind of a provision—the provision as it came from the House—would practically say to that man that he could not hold tax-exempt securities for such a purpose. He would be forced to sell his tax-exempt securities and buy some other kind of safe securities

so that he might put them up as collateral instead of the tax-exempt securities.

Of course, a man could do that, but why should he be forced to do it? Why not permit him to get the same reduction because of these tax-exempt securities that he would get if he were to put up as collateral some other kind of securities?

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Virginia?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. GLASS. I am glad to find that the people of New Mexico are in such affluent circumstances. In Virginia a man who owns as an investment $100,000 of Government bonds is not exactly looked upon as a man of merely moderate means; but what I rose to ask the Senator from New Mexico was, if he does not think the suppositious case that he cited is of very, very rare occurrence? Does he think that would apply generally to taxpayers who make deductions on account of borrowed money?

Mr. JONES of New Mexico. I am willing to accept the rather humiliating innuendo expressed by the Senator from Virginia, and pass to the serious question which he really asks me. I think it is, generally speaking, somewhat rare, but I do not believe that it is as rare as the cases where they attempt to evade this tax through the buying of tax-exempt securities. So, when we come to consider the rarity question in connection with this subject, I think the shoe is on the other foot. I should guess at that. I have no figures on the subject.

Mr. GLASS. The Senator does not think that these stock and bond speculators in the great money markets make a practice of making these sales and repurchases to cover imaginary losses, does he?

Mr. JONES of New Mexico. I do not believe they do to any great extent, for the reason that they have to pay out more than they get in in the individual transaction, and I do not believe that is done to any considerable extent.

Mr. GLASS. Of course I have no personal knowledge of the transactions, but I have been led to believe that it is done to a very considerable extent, and that the Government is deprived of many millions of dollars of taxes by reason of this practice. If I am misinformed as to that I see no point in this paragraph of the tax bill, because I am supporting it purely upon that information that I have had.

Mr. JONES of New Mexico. The only information that I have on the subject is what little statistics we have as to the ownership of the tax-exempt securities. On yesterday, I believe, or the day before, I gave to the Senate a statement of the holding of tax-exempt securities, taken from the Treasurer's report, and from that statement I found that 68 per cent of the tax-exempt securities were owned by corporations, that 32 per cent only were owned by individuals, and that one-third of that 32 per cent was owned by people who had incomes between $5,000 and $20,000. So I think by elimination we will discover that there are relatively very few of these bonds in the hands of the very wealthy people of this country, and as to those who are engaged in the investment business, this proposal does not apply to them. It does not apply to any one engaged in trade or business, but it is going to apply only to those who have retired from business altogether, or a poor, unfortunate Senator who is engaged in an unprofitable business.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. Pardon me just a moment. If the Senator will bear in mind the discrimination which is going to arise from the adoption of the proposal as it came from the House——

Mr. GLASS. Mr. President, right at that point may I ask the Senator, if his theory is to be accepted, what possible harm the paragraph can do in any event?

Mr. JONES of New Mexico. I think there is a very great possible harm. Take the illustration which I gave awhile ago of the poor Senator who might have accumulated a few Liberty bonds. He builds himself a house. He borrows some money. He does not want to part with his bonds, because he hopes that his salary ultimately will so accumulate that he can pay for the house and keep the bonds.

Mr. SMOOT. Foolish man!

Mr. JONES of New Mexico. I submit that that is a most violent assumption; but from other sources he has income which will ultimately pay off the loan, and he wants to be able to do just the same as a man in business would do and keep some liquid securities whose value is well established which he can use as collateral at any time to meet his running expenses, his business expenses; and why should not the individual do it, whether he be engaged in trade or business or not? Why shut off that opportunity to that class of people and thus destroy pro tanto the market for the tax-exempt securities?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. JONES of New Mexico. I yield to the Senator.

Mr. SMOOT. In answer to the question of the Senator from Virginia as to what effect this amendment would have upon the revenues of the Government, I will say that if the committee amendment is agreed to it will make $35,000,000 difference in our revenue.

Mr. JONES of New Mexico. Mr. President, I want to challenge that statement and call for proof. I should like to know where the Senator gets his information.

Mr. SMOOT. I get it from the Treasury Department and from the actuary, Mr. McCoy.

Mr. JONES of New Mexico. I say to the Senator and to Mr. McCoy both that there are no figures in the Treasury Department which will furnish a basis for any such estimate. I challenge anyone to produce here the figures on which the calculation is made.

Mr. SMOOT. Of course, the Senator can say that; but it seems very strange that whenever an estimate is made by Mr. McCoy that does not quite satisfy us we object to it, while when it does satisfy us we approve of it and say that he is a great actuary. The Senator knows that in the past, when estimates have been given by Mr. McCoy, no matter whether for or against us or whether we liked them or whether we did not, the result at the end of the year has demonstrated that his estimates were very close, indeed.

Mr. JONES of New Mexico. Mr. President, I want to say that the year 1920 is the last year for which the Secretary of the Treasury has called for a statement from the taxpayers of the country as to their holdings of tax-exempt securities. Mr. McCoy can make an estimate or a guess as well as anybody, but when he has no basis on which to guess his guess is no better than that of anyone else. He is one of the best actuaries I know, and I would rely upon him as quickly and as confidently as upon any man in the country in making estimates; but you have to have some basis on which to make an estimate, and in this case it does not exist.

Mr. SMOOT. I will assure the Senator that Mr. McCoy never made any estimate unless he had some basis for making it. If he had not a basis, he would have told the committee that he had not the basis for making it. I thought he was in the Chamber, but I see that he has gone. I have not any doubt that there is a basis upon which he made it.

Mr. BRUCE. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Maryland?

Mr. JONES of New Mexico. I do.

Mr. BRUCE. If the Senator from New Mexico will yield just a moment, in connection with what he was saying a few moments ago with regard to the indiscriminate treatment to which the William Rockefellers and the hundreds of other innocent and honest taxpayers in the United States would be subjected to by the proposition of the Senator from Pennsylvania and the Senator from Utah, I should like to recall a historic story, which seems to me to have a bearing upon that feature of the Senator's address.

When the Catholics were butchering the Protestants on St. Bartholomew's Day in the streets of Paris, one of the Catholic soldiers ran to a priest and said: "What are we to do? The Catholics and the Protestants are all mixed up, and we are killing our own people." "Well," he said, "kill them all, and God will know his own."

It seems to me that is just about the indiscriminate treatment to which holders of tax-exempt securities are proposed to be subjected by the proposition of the Senator from Utah and the Senator from Pennsylvania. As I say, and as the Senator has so seasonably pointed out, the enormous amounts of these tax-exempt securities are not held by Rockefellers. They are held just by ordinary, prudent, careful investors, who, instead of reaching out for the larger gain of business enterprise, are content with the smaller gain of perfectly safe investment.

Mr. JONES of New Mexico. I think the observations of the Senator from Maryland are quite appropriate. I simply rose to call attention to the fact that in my judgment the evasion attempted to be prevented is more or less a mere conjuring of the imagination. In the second place, that it does to a considerable extent destroy the market for tax-exempt securities. I submit that anyone who is opposed to the issuance of tax-exempt securities should oppose the amendment offered by the committee. My judgment is that in this instance at least the recommendation of the majority of the committee ought to be accepted. It will be understood that the majority of the committee proposes to strike out a provision inserted in the House which undertook to conjure up and then obliterate this alleged improper use of tax-exempt securities. So in my judgment the committee amendment should be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

The reading clerk proceeded to call the roll, and called the name of Mr. ADAMS.

Mr. ADAMS. Mr. President, I want to understand the question. The question is on sustaining the committee amendment striking out subdivision (c)?

The PRESIDING OFFICER. The question is on the committee amendment to strike out lines 19 to 25 on page 52 and lines 1 and 2 on page 53 of the bill.

Mr. MCNARY. Let the amendment be reported by the Secretary.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 52, after line 18, the committee proposes to strike out:

(c) The amount of the deduction provided for in paragraph (2) of subdivision (a), unless the interest on indebtedness is paid or incurred in carrying on a trade or business, and the amount of the deduction provided for in paragraph (5) of subdivision (a) shall be allowed as deductions only if and to the extent that the sum of such amounts exceeds the amount of interest on obligations or securities the interest upon which is wholly exempt from taxation under this title.

Mr. SMOOT. I understand that the Senator from Arkansas [Mr. CARAWAY] desires to speak on the amendment.

Mr. CARAWAY. I was hoping that there would not be a vote on it to-night. I want to discuss it, and I hope it may go over until the morning.

Mr. SMOOT. I will be glad to have the Senator proceed now if he wants to do so. I have taken no advantage of anybody, and I do not propose to do so during the consideration of the bill or at any other time.

Mr. CARAWAY. I am not proposing to argue with the Senator about that. I merely stated my desire.

The PRESIDING OFFICER. The roll call had begun.

Mr. SIMMONS. Before the roll call had started I addressed the Chair, but did not get recognition until the Secretary had called one name.

Mr. SMOOT. The Senator from North Carolina did address the Chair before the roll call had started. There is no doubt about that.

The PRESIDING OFFICER. The Chair did not so understand.

Mr. SMOOT. That is the fact. I will lay the bill aside now if I can have unanimous consent that the Senate will meet at 11 o'clock to-morrow morning.

Mr. HARRISON. Is the Senator asking unanimous consent now that we meet at 11 o'clock to-morrow morning?

Mr. SMOOT. I simply said I would be glad to lay the bill aside now providing we can agree to recess until 11 o'clock to-morrow morning.

Mr. HARRISON. The Senator realizes that there are important committees at work, and there is one committee, the Committee on Agriculture and Forestry, which has some important witnesses before it on the Ford offer and other offers, and we can not be at two places at the same time.

Mr. SMOOT. There would be the same difficulty if we met at 12 o'clock. For instance, to-day between 12 and 2 o'clock not a dozen Senators were in the Chamber listening to the debate. We have spent the whole day on this one amendment, and I thought we ought to have a vote; but I am perfectly willing that it shall go over until to-morrow if we can recess until 11 o'clock.

Mr. CURTIS. I understand that there are two Senators on the other side who want to make speeches, which will probably take an hour, and there would be no vote before 12 o'clock, anyway.

Mr. SMOOT. I assure the Senator from Mississippi of that.

Mr. EDGE. I thought the Senator would ask unanimous consent that a vote be taken at 12 o'clock.

Mr. SMOOT. I do not want to do that, because I do not know whether Senators would be ready for a vote by that time. I ask unanimous consent that at the close of the business of the Senate this day the Senate take a recess until 11 o'clock to-morrow.

Mr. HARRISON. With the understanding that there will be no vote before 12 o'clock?

Mr. SMOOT. There will be no vote before 12 o'clock, if I have to take the floor and talk until that time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

Mr. SMOOT. I ask unanimous consent to lay aside temporarily the unfinished business.

The PRESIDING OFFICER. Without objection, it is temporarily laid aside.

DEFERRING PAYMENTS OF RECLAMATION CHARGES—CONFERENCE REPORT

Mr. PHIPPS submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1631), to authorize the deferring of payments of reclamation charges having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows:

"That the Secretary of the Interior is hereby authorized and empowered, in his discretion, to defer the dates of payments of any charges, rentals, and penalties which have accrued prior to the 2d day of March, 1924, under the act of June 17, 1902 (32 Stat. L. p. 388), and amendatory and supplemental acts or prior to that date, as against water users on any irrigation project being constructed or operated and maintained under the direction of the Commissioner of Indian Affairs, as may, in his judgment, be necessary in or concerning any irrigation project now existing under said act: *Provided*, That no payment shall be deferred under this section in any particular case beyond March 1, 1927: *Provided*, That upon such adjustment being made, any penalties or interest which may have accrued in connection with such unpaid construction and operation and maintenance charges shall be canceled, and in lieu thereof the amount so due, and the payment of which is hereby extended, shall draw interest at the rate of 5 per cent per annum, paid annually from the time said amount became due to date of payment: *And provided further*, That in case the principal and interest herein provided for are not paid in the manner and at the time provided by this section, any penalty now provided by law shall thereupon attach from the date of such default.

"SEC. 2. That where an individual water user, or individual applicant for a water right under a Federal irrigation project constructed or being constructed under the act of June 17, 1902 (32 Stat. L. p. 388), or any act amendatory thereof or supplementary thereto, makes application prior to January 1, 1925, alleging that he will be unable to make the payments as required in section 1 hereof, the Secretary of the Interior is hereby authorized in his discretion prior to March 1, 1925, to add such accrued and unpaid charges to the construction charge of the land of such water user or applicant, and to distribute such accumulated charges equally over each of the subsequent years, beginning with the year 1925, or, in the discretion of the Secretary, distribute a total of one-fourth over the first half of the remaining years of the 20-year period beginning with the year 1925, and three-fourths over the second half of such period, so as to complete the payment during the remaining years of the 20-year period of payment of the original construction charge: *Provided*, That upon such adjustment being made, any penalties or interest which may have accrued in connection with such unpaid construction and operation and maintenance charges shall be canceled, and in lieu thereof the amount so due, and the payment of which is hereby extended, shall draw interest at the rate of 5 per cent per annum, paid annually from the time said amount became due to date of payment: *Provided further*, That the applicant for the extension shall first show to the satisfaction of the Secretary of the Interior detailed statement of his assets and liabilities and probable inability to make payment at the time required in section 1: *And provided further*, That in case the principal and interest herein provided for are not paid in the manner and at the time provided by this act, any penalty now provided by law shall thereupon attach from the date of such default: *And provided further*, That similar relief in whole or in part may be extended by the Secretary of the Interior to a legally organized group of water users of a project, upon presentation of a sufficient number of individual showings made in accordance with the foregoing proviso to satisfy the Secretary of the Interior that such extension is necessary."

And the House agree to the same.

CHAS. L. MCNARY,
W. L. JONES,
LAWRENCE C. PHIPPS,
JOHN B. KENDRICK,
KEY PITTMAN,
Managers on the part of the Senate.

ADDISON T. SMITH,
N. J. SINNOTT,
Managers on the part of the House.

Mr. McKELLAR. What is this bill?

Mr. PHIPPS. This is the reclamation bill, to authorize the Secretary of the Interior to extend the time of payment of charges on payment of interest. The House made the rate 5 per cent and the Senate had proposed 6 per cent.

Mr. KING. Let me ask the Senator from Colorado what effect this legislation would have upon the recommendations by the fact-finding commission which were recently approved by the President, or what effect would the President's recommendations have upon this measure? Would there be any conflict?

Mr. PHIPPS. No; this relates only to the charges which have accrued up to March 1, 1924. The Senate proposed to extend the time for another season, and the House objected to that feature.

Mr. McKELLAR. It extends it one year.

Mr. PHIPPS. No; it permits the Secretary of the Interior to extend it until 1927, with the provision that in the event a certain showing is made, if they are unable to pay it at that time, it may be distributed over the remainder of the reclamation period of 20 years.

Mr. ADAMS. Mr. President, this bill really is in aid of the consideration of the report of the fact-finding commission, and tends to preserve the condition in statu quo for a limited period, particularly in Colorado, where they were just on the verge of default. This would put that default over temporarily.

Mr. SMOOT. If the water user can not pay his interest, the United States can not get it anyhow.

Mr. ADAMS. That is true.

Mr. SMOOT. And the only question is as to the rate of interest. We provide 5 per cent interest.

Mr. PHIPPS. I move the adoption of the report.

The PRESIDING OFFICER. The question is upon agreeing to the conference report.

The report was agreed to.

FISCAL RELATIONS OF THE DISTRICT OF COLUMBIA

Mr. PHIPPS. Mr. President, I have spoken several times in reference to the report of the special committee which has considered the fiscal relations of the District of Columbia.

Mr. McKELLAR. Mr. President, that is too important a measure to take up at this time of the day, and I shall have to object to its consideration.

Mr. PHIPPS. I requested the Senator from Tennessee to give this matter his consideration, and I assume he has read the report by this time. I have mentioned it several times.

Mr. McKELLAR. I have, and it is too important a matter to take up at this time.

Mr. PHIPPS. We are faced to-day with a building of, and we are building, a new water line. It is proposed to authorize the expenditure of three and a half million dollars, and yet the condition of the District treasury is such that the committee of the House is only appropriating $800,000 this year. I shall ask at the first opportunity for consideration of the committee report, and, if necessary, shall move to take up the bill (S. 703) making an adjustment of certain accounts between the United States and the District of Columbia.

Mr. McKELLAR. The last time this bill came up the senior Senator from Arkansas [Mr. ROBINSON] expressed a desire to be heard on it, and while he is out of the city I shall have to object to its consideration.

Mr. PHIPPS. May I say that it would not be fair to ask for delay in the consideration of the bill until the return of the Senator from Arkansas, because I have talked with him since, and I understood him to be quite satisfied to have the bill taken up and considered and passed.

Mr. McKELLAR. We can discuss that when we come to it.

ORDER OF BUSINESS

Mr. REED of Pennsylvania. Mr. President, I ask unanimous consent that we proceed to the consideration of Senate bill 2257, the veterans' code bill.

Mr. DILL. Reserving the right to object, I wish to state that a number of Senators have spoken to me since the measure was discussed earlier in the day and said that if the bill came up this afternoon they would want to be heard. If the Senator feels that he wants to go on with it now, I think we ought to have a quorum present, and I shall suggest the absence of a quorum.

Mr. REED of Pennsylvania. May I have the consent agreement submitted first?

Mr. DILL. No; I do not want the consent agreement submitted before absent Senators are here, and I shall suggest the absence of a quorum, in order that all Senators may have a chance to be heard.

Mr. REED of Pennsylvania. Then may I be recognized when the presence of a quorum has been ascertained?

Mr. DILL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Adams	Dill	Johnson, Minn.	Phipps
Ashurst	Edge	Jones, Wash.	Ralston
Ball	Edwards	Kendrick	Ransdell
Bayard	Ernst	King	Reed, Pa.
Borah	Ferris	Lodge	Sheppard
Brookhart	Fess	McKellar	Shields
Broussard	Fletcher	McKinley	Smoot
Bruce	Frazier	McLean	Spencer
Bursum	George	McNary	Stephens
Cameron	Gerry	Neely	Sterling
Capper	Glass	Norbeck	Walsh, Mass.
Caraway	Harris	Norris	Warren
Curtis	Harrison	Oddie	Willis
Dial	Heflin	Overman	

The PRESIDING OFFICER. Fifty-five Senators having answered to their names, a quorum is present.

LANDS NEAR SHREVEPORT, LA.

Mr. RANSDELL. Mr. President, in the press of this city on the 27th instant there was published an article in regard to lands near Shreveport, La., reference being made therein to the statements of an attorney residing in that city. This lawyer had placed in my hands on the 24th letters and documents explaining the claims of his clients to the said lands and indicating the relief desired by them.

On the 24th instant, three days prior to the aforesaid publications, I sent these papers to the Hon. William Spry, Commissioner of the General Land Office, with the request that he furnish me all pertinent facts disclosed by the records of his office. He has just sent me a reply, and as it covers the case fully, I ask leave to publish it as part of my remarks without comment.

The PRESIDENT pro tempore. Without objection it is so ordered.

The matter referred to is as follows:

THE SECRETARY OF THE INTERIOR,
Washington, April 30, 1924.

Hon. JOSEPH E. RANSDELL,
United States Senate.

MY DEAR SENATOR RANSDELL: In response to your request of April 24, 1924, relative to alleged public lands existing in the areas of Ferry and Cross Lakes, La., called to your attention by the communication of one Mr. Theriot, I have the honor to submit herewith a memorandum statement covering the facts and conclusions relative thereto as developed by careful and painstaking investigation prosecuted through a number of years by this department. I trust that this statement will fully serve your purpose, and if any further information is desired it will be promptly submitted.

The inclosures accompanying your communication are returned herewith.

Very truly yours,

E. C. FINNEY, *Acting Secretary.*

MEMORANDUM FROM THE SECRETARY OF THE INTERIOR RELATIVE TO PUBLIC LANDS IN FERRY AND CROSS LAKE AREAS, LOUISIANA

A peculiar situation or phenomena of nature affecting a considerable area of northwestern Louisiana has given rise to a controversy of long standing respecting the question of title to thousands of acres of lands within that locality. The question has been considered at various times by the Department of the Interior, the Department of Justice, and the courts, both State and Federal.

The generally accepted theory regarding the status of the areas in question is that some time during the eighteenth century, perhaps about 1777, a raft, known as the Great Raft, formed in Red River and that the backwater spread out over the adjacent territory, causing the formation of a chain of lakes locally known as Caddo or Ferry (Fairy), Cross, Soda, and Clear Lakes.

From the best information obtainable the raft commenced to form on the old course of Red River along the Bayous Boeuf and Teche and its head reached a point in the flood plain near Alexandria, La., in the latter part of the fifteenth century. It was more properly a series of log jams each completely filling the river, starting with a more or less accidental jamming of trees and driftwood. As it advanced it blocked the outlets of the tributaries, streams, and channels which drained the low lands between the higher front lands and the bordering hills and, by preventing the discharge of the water from them at a level equal to the original low water of the main channel, produced a series of lakes. (See Professional Paper No. 46, U. S. Geological Survey, 1906, p. 60.)

The area locally known as Caddo or Fairy or Ferry Lake is partly in the State of Texas and partly in the State of Louisiana, the portion thereof east of the Texas boundary line in the State of Louisiana comprising about 17,380 acres, of which 12,711 acres are in township 20 north, range 16 west, Louisiana meridian. (See S. Doc. No. 101, 54th Cong., 1st sess.)

At various times inquiries had been directed to the Department of the Interior requesting advice as to the status of title to the beds of the raft-formed lakes. During 1909 and 1910 the question as regards the ownership of the Ferry Lake area was definitely presented to the Department of the Interior in applications for the survey of that area filed on behalf of Thomas D. Singleton, jr., John B. King, and others, who represented that they had made mineral locations on lands within the area of the lake and had discovered gas thereupon. In the meantime, however, the Land Department took immediate steps to protect the interests of the Government in the event that it should be determined that the lake beds belonged to the United States by withdrawing the lands from all forms of disposal. The initial withdrawal was a temporary withdrawal dated December 15, 1908, and was later, July 2, 1910, made permanent by an Executive order approved by the President.

In view of the great importance of the questions involved, very careful consideration was given to the Ferry Lake case, and hearings were held before the First Assistant Secretary, at which all parties in interest, including the State of Louisiana, were personally represented. Furthermore, under an order issued by the Department of the Interior September 3, 1913, an exhaustive field investigation was made for the purpose of ascertaining the following questions:

(1) Did Ferry Lake exist as a navigable body of water in 1812, when Louisiana was admitted to statehood?

(2) Did the survey made by the deputy surveyor, A. W. Warren, in 1839 (the original survey of the township) correctly meander Ferry Lake as it existed at that date and at the date of the admission of Louisiana?

Louisiana was admitted into the Union by the act of April 8, 1812 (2 Stat. 703). The investigation disclosed that the 173.09-foot contour above the mean level of the Gulf of Mexico was approximately the mean high-water level of the lake in 1812 and that there had been practically little if any change in that high-water level between then and 1839, the date of the Government survey. It was also ascertained that at such elevation the depth of Ferry Lake in the old channels of Cypress Bayou and James Bayou was over 10 feet, sufficient for the navigation of at least that part of the lake, navigation of the remainder being difficult, if not impossible, on account of dead trees; that the channel of Cypress Bayou could still be traced by its greater depth of water throughout the whole extent of the lake and the absence of any vestige of standing timber within its banks. The lake was represented as a navigable body of water by the surveyor in 1839.

In the year 1833 the United States, through one Shreve, began operations for the removal of the raft, the head of which at that time was opposite the mouth of Twelve Mile Bayou. The operations in 1833 and 1834 were below Shreveport and remote from Ferry Lake. In 1835 the raft was removed as far upstream as Twelve Mile Bayou, 23 miles of it remaining. During 1836 21 miles were removed, but the raft had increased in the meantime, so that 9 miles still remained. During 1837 it increased to 13 miles, but during that and the following year it was entirely removed. The raft continued to form each year until 1843, when appropriations for its removal were discontinued. The raft was completely removed during 1872 and 1873, and the formation of new rafts since that time has ceased.

Navigation began about the year 1840 from Shreveport to Jefferson, Tex., through Ferry Lake, the boats following the old channel of Cypress Bayou. This commerce was quite extensive for some time, but diminished between 1870 and 1880, due to the construction of railroads in the territory. Congress, upon several occasions, made appropriations for the improvement of this particular waterway as part of the navigable waters of the United States. Acts of August 5, 1886 (24 Stat. 322); August 11, 1888 (25 Stat. 414); July 13, 1892 (27 Stat. 103); March 3, 1909 (35 Stat. 826); June 25, 1910 (36 Stat. 650); February 27, 1911 (36 Stat. 955); January 27, 1912 (37 Stat. 56). The act of January 27, 1912, supra, authorized Caddo Parish, La., to construct a bridge across Ferry Lake, near the village of Mooringsport, "at a point suitable to the interests of navigation."

The waters in Ferry Lake were at the date of the investigation about 6 feet lower than in 1812. In 1914 the United States began work on the construction of a dam across the outlet of Ferry Lake, in order to maintain a navigable stage of water. The construction of this dam was authorized and appropriation made therefor by the act of June 25, 1910, supra. The act of February 27, 1911, supra, provided for a lock in the dam.

The investigation further disclosed that the original survey of 1839 had not followed the 173.09-foot contour in certain situations and that there were still disconnected tracts of unsurveyed lands above the mean high-water mark of the lake as it existed in 1839, that should have been surveyed. The original survey was considered clearly erroneous as to these areas. Later corrective surveys supplemental to the survey of 1839 had previously been made as follows:

1846: Correcting Warren's survey to the boundary line between the States of Texas and Louisiana and eliminating the areas of the Warren survey found to be in the former State.

1854: Adding 45.40 acres and 45.04 acres to fractional sections 31 and 32, respectively; total 90.44 acres.

1871: Adding 24.28 acres, 179.60 acres, and 76.24 acres to sections 4, 9, and 10, respectively; total 280.12 acres.

The aggregate unsurveyed areas of high lands still erroneously omitted from the previous surveys were found to be 670.05 acres, consisting of scattered tracts in the various fractional sections bordering on the mean high water level of the lake of 1839.

At the time of the investigation the Ferry Lake area and the adjoining lands had been developed into a producing oil field. Some 28 oil wells had been drilled upon the 670.05 acres of unsurveyed high lands above the 173.09-foot contour, and some 63 oil wells had been drilled in the submerged area of the lake, by lessees of the State and of the Caddo levee board. Considerable quantities of oil had been produced.

On March 22, 1916, the Acting Secretary of the Interior submitted the entire record in the Ferry Lake case to the Department of Justice for the institution of legal proceedings to assert and protect the interests of the United States in and to the land and the minerals as to the entire lake area, if, in the judgment of the latter department, the law and facts seemed to warrant such proceeding.

On September 11, 1916, the Acting Attorney General submitted his opinion to the Secretary of the Interior in which he discussed somewhat at length the issues involved. He concluded that the lake area below the mean high water level of 1812 and 1839, the 173.09-foot contour, had either become vested in the State of Louisiana upon its admission to the Union in 1812, by virtue of sovereignty, as a navigable body of water at that time, or that it inured to the State as swamp land under the grant to that State of March 2, 1849 (9 Stat. 352).

As to the status of the submerged lake area the Acting Attorney General gave his opinion as follows:

> "In view of the entire situation I feel that no action should be taken to enforce or assert any claim by the Government to that portion of the area involved which is covered by the waters of the lake, because if the State's title by virtue of its sovereignty should fail for any reason, I see no way of successfully resisting her claim under the swamp-land grant."

As to the unsurveyed tracts between the 173.09-foot contour and the meander line of the Government plat he concluded that action should be taken to quiet title in the United States to those areas and to recover for the oil illegally extracted therefrom. A copy of the Acting Attorney General's opinion of September 11, 1916, is appended.

Subsequently some 17 suits were instituted in the Federal courts with the view to quieting the title in the United States to the tracts of high lands alleged to have been erroneously omitted from the Government surveys and to obtaining accountings for the oil extracted therefrom. The United States obtained favorable decrees in the United States District Court and the Circuit Court of Appeals in all of the suits. Appeals were taken to the United States Supreme Court in nearly all of the suits, and they were consolidated into several groups before that court. During January, 1922, the United States Supreme Court rendered its decisions, as a result of which the United States finally won 10 suits and lost 7 suits. The suits lost involved very small tracts which the Supreme Court held belong to the owners of the adjacent originally surveyed lands as riparian to their holdings. The suits that were won are reported as Mason et al. *v.* United States (260 U. S. 545) and Jeems Bayou Fishing Club *v.* United States (260 U. S. 561). Those lost are reported as United States *v.* Lane et al. (260 U. S. 662) and Stockley *v.* United States (260 U. S. 532). The United States recovered approximately 500 acres of land and a sum total of $475,667.71 for the value of the oil illegally extracted therefrom.

In the consideration of the Ferry Lake case the Department of the Interior resorted to information obtained from the following sources:

One of its supervisors of surveys, assisted by surveyors under his supervision.

A geologist from the United States Geological Survey.

An ecologist employed by the General Land Office.

A report by Dr. John Sibley addressed to Gen. Henry Dearborn, Secretary of War, incorporated in the message from the President to Congress in 1806.

A report of the Freeman and Custis expedition of 1806, entitled "An account of the Red River in Louisiana, drawn up from the returns of Messrs. Freeman and Custis to the War Office of the United States, who explored the same in the year 1806," copied from book No. 4863, United States Geological Survey library.

A report made by Maj. Amos Stoddard, who in 1804 took possession of Louisiana under the treaty of cession, entitled "Sketches historical and descriptive of Louisiana," published in Philadelphia by Mathew Carey.

William Darby's Geographical Description of Louisiana, published in Philadelphia in 1816.

A report by Dr. Joseph Paxton contained in a letter to Hon. A. H. Sevier, Delegate to Congress from the Territory of Arkansas, dated August 1, 1828, published as Senate Document No. 78, Twentieth Congress, second session (1829).

A report from Henry M. Shreve relative to the navigation of Red River, incorporated in a Senate document of the Twenty-fourth Congress, first session, volume 1 (1835).

House Documents Nos. 236 (61st Cong., 1st sess.) and 680 (61st Cong., 2d sess.).

Report or journal of the joint commission appointed for the survey of the Texas-Louisiana boundary line.

Official report of the Geological Survey of Louisiana for 1899.

Professional Paper No. 46, United States Geological Survey, 1906.

Annual reports of the Chief of Engineers, United States Army, 1890, 1901.

House Document No. 785, Fifty-ninth Congress, first session.

Report of E. A. Woodruff, first lieutenant of Engineers, 1872, messages and documents of the War Department, Part II, 1873–74, page 649.

Report of W. M. Washburn, civil engineer, October 23, 1858, addressed to T. P. Hotchkiss, commissioner of the third swamp land district of Louisiana, published in the annual report of the board of swamp land commissioners and submitted to the legislature of Louisiana (copy in the Congressional Library).

The inception and progress of the Ferry Lake case was reported in the annual reports of the Commissioner of the General Land Office. See his annual reports, 1914, pages 15, 16; 1915, pages 12, 13; 1916, pages 7, 8; 1917, pages 11–13; 1918, pages 12, 13; 1919, pages 11–13; 1920, pages 11, 12.

Numerous citations of court decisions, State and Federal, were referred to and many of those decisions analyzed and applied. References to them may be found in the special reports of the Commissioner of the General Land Office in the Ferry Lake case dated January 10, 1913, and July 9, 1915, and in the opinion of the acting Attorney General of September 11, 1916.

From the foregoing it is to be observed that the Department of the Interior concluded from the facts presented to it as supplemented by the historical data contained in the documents referred to above that Ferry Lake was a navigable body of water at the date of the admission of the State into the Union and thereafter and, in reliance upon that conclusion, it accepted and followed the opinion of the acting Attorney General of September 11, 1916 supra, so far as it held that the title to the bed of the lake had become vested in the State of Louisiana at the date of its admission to Statehood by virtue of its sovereignty.

Cross Lake is situated in townships 17 and 18 north, ranges 14 and 15 west, and township 18 north, range 16 west. The estimated area of the lake as shown on the plats of original survey approved in 1839 is about 18,000 acres. Cross Lake like Ferry Lake at one time constituted a link in the so-called Jefferson-Shreveport waterway referred to in a report of the Chief of Engineers of the United States Army dated September 11, 1913, printed in House Document No. 236, sixty-third Congress first session. The general facts with respect to the history of Cross Lake and Ferry Lake are almost identical as both lakes came into existence about the same time as a result of the great raft which formed in Red River.

Township 18 north, range 14 west, was resurveyed by Deputy Surveyor J. P. Parsons in 1871. That portion of the bed of Cross Lake in this township (about 8,000 acres) was by the resurvey returned as land, duly sectionized and subdivided, leaving about 10,000 acres of the lake surface (original survey) over which the public land surveys have not been extended. On the new plat the area formerly in the lake was marked as "old bed of Cross Lake," the former meander lines were delineated and the areas abutting thereon were lotted. As early as 1852 the State had made swamp selections in this township based on the survey of 1839. In 1871 it selected numerous tracts in the lake bed by swamp land list No. 13 based upon the approved field notes and plat of the Parsons resurvey. Since 1871 the State has filed a number of other swamp-land selections covering the lake bed areas. A few tracts were long ago adjudged to be swamp in character and approved to the State.

Numerous tracts are still included in pending swamp-land selections. Most, if not all, of these tracts are claimed adversely to the State by settlers or applicants under the homestead law, and while the lands are shown by the field notes of the survey of 1871 to be swamp or overflowed it was held by the department under date of July 18, 1921, that they did not inure to the State under the swamp-land grant because they were known to be mineral in character. In this connection see 48 L. D. 201. The matter was taken to the courts by the State and the Supreme Court of the District of Columbia held that the swamp grant was not affected by subsequent legislation providing for the reservation of minerals. This holding was affirmed by the Court of Appeals of the District of Columbia March 5, 1923 (287 Fed. 999), and the question is now pending on appeal to the Supreme Court of the United States.

It appears, moreover, that the major portion of the Cross Lake area is within the primary limits of the grant made by the act of June 3, 1856 (11 Stat. 18), to the Vicksburg, Shreveport & Texas Railroad Co. This grant embraces the odd sections.

Township 18 north, range 14 west, was first withdrawn on December 15, 1908, and was by Executive Order of July 2, 1910, included with other townships in petroleum reserve No. 4 pursuant to the Pickett Act of June 25, 1910 (36 Stat. 847). This withdrawal is still intact. In the southern portion of the township it would appear many gas wells have been drilled. In the northwest quarter, section 34, gas center is located. Different wells have yielded from 1 to 10,000,000 cubic feet of gas according to report. Township 17 north, ranges 14 and 15 west, were included in petroleum reserve No. 48 by Executive order of May 22, 1916.

By act No. 31 of the General Assembly of the State of Louisiana, approved June 29, 1910 (1910 acts of Louisiana, p. 50), the register of the State land office, upon favorable termination of then pending litigation and after survey, was authorized and empowered to sell to the city of Shreveport for a water supply, with a reservation of all minerals and mineral rights to the State, all lands belonging to the State of Louisiana in what is known as the bed of Cross Lake. The area to be conveyed was further particularly referred to as "that portion of the bed of said lake embraced within the traverse lines thereof" in sections 28, 29, 30, 31, 32, 33, and 34, township 18 north, range 14 west, and in designated sections in the other townships on the south, southwest, and west of the land described. The description in the act covers a large portion of Cross Lake, substantially all thereof except the easterly part. The specified sections in township 18 north, range 14 west, were included in the survey of 1871. There does not appear to have been any general resurvey of the other three townships affected by Cross Lake.

By the information at hand it is represented that the State of Louisiana has sold and conveyed to the city of Shreveport an area of Cross Lake, but the department is not advised as to what lands are described in the State's conveyance, or whether such transfer covers all the area described in the act.

Litigation as to some 11,000 acres of land in the bed of Cross Lake arose some years ago. In 1895 the Caddo Levee Board sold said area of the lake bed to W. B. Jacobs et al., at about 10 cents per acre, and in the suit of the Shreveport Rod and Gun Club v. The Board, this sale was sustained by the supreme court of the State in its decision of June 15, 1896 (20 So. Rep. 293). In 1906 the State sued to recover said land on the theory that no conveyance from the State to the levee board was ever executed or registered, as required by the State statute. In the lower court the State was defeated. On appeal the State supreme court reversed and ordered a decree entered against the club, which claimed the land under the levee board. See case of State of Louisiana v. Cross Lake Shooting and Fishing Club (48 So. Rep. 291). In the court's decision the land is referred to as "some 11,000 acres of land, lying in the parish of Caddo and formerly constituting the bed of Cross Lake." * * *:

> "The lands here claimed constituted the bed of a body of water, near Shreveport, known as 'Cross Lake,' which, in consequence of the removal of a raft, which for many years obstructed Red River, and the reconstruction of the levees, is drying up, leaving said lands available for farming purposes, the 11,000 acres in controversy being, at the time of the trial in the district court, worth from $50,000 to $100,000. * * *"

That case was taken to the Supreme Court of the United States upon a writ of error. The Supreme Court decided that the case presented no question under the contract clause of the Constitution and as there was no suggestion of any other Federal question, the writ was dismissed. As a part of the recital of the facts of the case in the opinion of the court appears the following (Cross Lake Shooting and Fishing Club v. State of Louisiana, 224 U. S. 632, 635):

> "The lands in question were within the district so created and at the date of the act were owned by the State, but whether it had acquired them as swamp lands under the legislation of Congress (acts March 2, 1849, 9 Stat. 352, c. 87; September 28, 1850, 9 Stat. 519, c. 84) or as the bed of what was a navigable lake when the State was admitted into the Union (see Pollard v. Hagan, 3 How. 212) is left uncertain. For present purposes, however, this uncertainty may be disregarded and the State's title treated as resting on the swamp-land grant by Congress, as was claimed by the fishing club in the State courts. No instrument conveying the lands to the board of the levee district was ever executed by the State auditor or the register of the Stand land office or recorded in the recorder's office of the parish. * * *"

In 1921 and early in 1922, Mr. Rell S. Theriot, attorney at law of Shreveport, La., submitted numerous applications for the survey of certain alleged unsurveyed lands in the area of what is shown upon the official plats of Township 17 north, range 14 west, and Townships 17 and 18 north, range 15 west, approved in 1839, as underlying the waters of Cross Lake. Mr. Theriot was advised by the Commissioner of the General Land Office that pending an examination and report on the matter by a United States cadastral engineer, action on the applications would be suspended, and in December, 1921, Mr. Robert W. Livingston was detailed to make the examination. A thorough and exhaustive field examination was made and a report submitted under date of June 30, 1922. A map was submitted illustrating the report. He stated that Ferry Lake and Cross Lake are very much alike in most of their aspects; that the historical facts respecting their formation are the same and that the geologic and ecologic conditions are identical.

It was stated that the improved drainage of Red River accounts for the gradual lowering of said waters; that this lowering began in 1850 and that in 1860 the mean high water of the lake had fallen about 6 or 8 feet; that the final removal of the raft in 1872–73 seemed to have no immediate effect on Cross Lake, as it had already fallen to some extent, and the deposits of silt at its lower end prevented it from returning to its preraft drainage condition. Mr. Livingston goes on to say that since that time the outflowing waters of the lake have been gradually cutting channels through the soft matter until "at the present time" the outlet of the lake will drain out all but about 2 feet of the water in its deepest part; that this remaining water dries up during the dry months of the summer, so that for several months each year the lake is entirely dry. He further states that Cross Lake was in existence in 1812, when Louisiana was admitted into the Union, and was navigable; that the lake was not correctly meandered in 1837 and 1838 and that there were approximately 2,500 acres of land in place in township 17 north, range 14 west, and townships 17 and 18 north, range 15 west, erroneously omitted from the original survey which were mainly upland in character, suitable for agricultural purposes without artificial drainage in 1849; that the mean high water elevation of the lake during the great raft in Red River, including the years 1812, 1837, and 1849, was 172 feet above the mean level of the Gulf of Mexico.

The report in question shows:

1. Cross Lake was in existence in the year 1812 as a navigable body of water.

2. Cross Lake was not correctly meandered in the years 1837 and 1838. Approximately 2,500 acres of land in place in township 17 north, range 14 west, and townships 17 and 18 north, range 15 west, were erroneously omitted. Said omitted area is graphically shown in yellow color on the map prepared by Mr. Livingston. This land is in every way similar to the adjoining subdivided area of these townships.

3. The mean high-water elevation of Cross Lake during the period of the great raft in Red River, including the years 1812, 1837, and 1849 was 172 feet above the mean level of the Gulf of Mexico. This contour is shown on Livingston's map as an irregular black line inclosing the true bed of Cross Lake. The meander line of 1837 and 1838 in places runs out into the lake a considerable distance and in other places the meander line is found to have been located more than one-half mile back onto the upland. In section 23, township 18 north, range 15 west, the record meander line of the west side of Irving Bayou is found to cross the bayou and include certain upland actually on the east side of the bayou.

4. The lands erroneously omitted from the surveys of 1837 and 1838 are mainly upland in character and were suitable for agriculture without drainage in the year 1849. The report shows that much of this land has been improved and cultivated for many years by colored tenants in the employ of or paying rent to the owners of the adjacent surveyed upland. The report shows that in general practically all of the unsurveyed land has been settled upon and improved and is being claimed by squatters.

Based upon this report, the commissioner recommended to the department under date of October 18, 1922, with regard solely to the surveying questions involved that action be taken as follows:

1. Extend the section lines of township 17 north, range 14 west, and townships 17 and 18 north, range 15 west, so as to include all of the larger yellow omitted areas, the record meander line of 1837 and 1838 to be reestablished as a fixed boundary between the lands formerly surveyed and those now in process of survey, and the contour 172 feet to be established as the boundary between the public land and the bed of Cross Lake. Supplemental plats will be required showing the lotting of all the larger yellow areas, giving description and area for purposes of disposal.

2. In township 18 north, range 14 west, the contour 172 feet above mean Gulf level should be established as a boundary between the land subject to survey in 1871 and the area belonging to the State by right of sovereignty, a supplemental plat to be prepared showing this segregation.

It was further recommended that the uplands and islands erroneously omitted from the original survey in sections 4, 5, 6, 7, 8, and 9, township 17 north, range 14 west; sections 1, 4, 6, 12, township 17 north, range 15 west; sections 13, 14, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35, and 36, township 18 north, range 15 west, be surveyed; also that such other well-defined islands which may be found in township 17 north, range 14 west, and townships 17 and 18 north, range 15 west, which existed and were above ordinary high-water mark in 1812 when Louisiana was admitted into the Union be surveyed, the question of disposing of the lands and islands to be subsequently considered by his office upon the filing of the approved plats in the United States local land office.

It was further recommended that the application for the survey of the lands transmitted by Mr. Theriot, so far as they include lands in the bed of the lake not specified above in township 17 north, range 14 west, township 17 north, range 15 west, and township 18 north, range 15 west, be rejected, inasmuch as the lands appear to belong to the State under her rights of sovereignty. These recommendations were approved under date of October 28, 1922, and a United States surveyor was detailed to execute the survey of the lands and islands erroneously omitted from the original survey. This survey is now practically completed.

Recent decisions of the department involving claims in the Cross Lake area will be found reported in volume 49 of the Land Decisions, at page 452, and in volume 50 (advance sheets), page 180.

A petition to reconsider the matter and vacate the department's action of October 28, 1922, with request that the surveys be extended over the entire area embraced in the old bed of Cross Lake is now pending before the department.

SEPTEMBER 11, 1916.

The SECRETARY OF THE INTERIOR.

SIR: With your letter of March 22, 1916, you submitted to this department the papers relating to the area known as Ferry Lake, in township 20 north, range 16 west, in the State of Louisiana, consisting of some 670 acres of land lying between the mean high water mark and the meander line established by the public land survey in 1839, and nearly 10,000 acres covered by the waters of the lake itself.

This matter was first called to the attention of your department in 1908 by the application of Thomas Singleton, jr., and others for the survey of the resurveyed area of public land in the township named. Later, in the year 1910, John B. King and others filed amended applications under the mining laws of the United States, asserting an interest in portions of the area involved alleged to be valuable for oil and gas. From that time until the papers were submitted here last March the matter has been pending before your department in various forms. Investigations have been made by surveyors, geologists, and ecologists of your department. Several hearings have been had before the Commissioner of the General Land Office and the Secretary of the Interior, culminating in a lengthy communication to you from the commissioner under date of July 9, 1915, in which the latter finds that the entire area—that under the waters of the lake as well as the land between the high-water mark and the old meander line—is the property of the United States and recommends its survey as such.

While you approve the facts found by the commissioner, you conclude that there is no necessity for a survey at the present time owing to the fact that all the vacant public lands in the township have been withdrawn from location, sale, etc., by departmental order of December 15, 1908, because containing valuable oil and gas deposits, and that the lands are now included in Executive order of withdrawal dated July 2, 1910; as to the 670 acres of land lying between the old meander line and the mean high-water mark, you state that wells have been drilled thereon in trespass and in defiance of the withdrawal orders, and you accordingly recommend that appropriate proceedings be instituted to assert the right and claim of the Government to the lands and the minerals therein and also to recover for the trespass already committed.

As to the area below the mean high-water mark of the lake—that is, the portion actually covered by water—upon which it seems more than than 60 wells have been drilled under leases from the State or the levee board, which are producing large quantities of oil, you make no definite recommendation further than to "submit the entire record to you (the Attorney General) for the institution of legal proceedings to assert and protect the interests of the United States in and to the land and the minerals if, in your (the Attorney General's) judgment, the law and facts warrant such proceedings."

The papers in this case are voluminous, consisting of affidavits, briefs, reports, and documents, some of which date back to the early days of the century. From such examination as this department has been able to make of these papers, and from the facts stated by the Commissioner of the General Land Office in his lengthy report to you, and from the briefs of opposing counsel, as well as admissions made

by them at a hearing which was held in this department, I can safely say there is little, if any, real controversy over the material facts, which may be substantially stated as follows:

What is known as Ferry Lake, or Caddo Lake, as it is sometimes called, covers an area of some 20 by 15 miles, lying partly in Louisiana and partly in Texas. In this area there are two bayous, known as Cypress Bayou and James Bayou, the latter emptying into the former at a point now covered by the waters of the lake, and the water carried by both bayous later found its way through Cypress Bayou into the Red River. A large part, if not all, of this area was low land, and at some time prior to the last part of the eighteenth century, i. e., about 1780, was covered by a growth of forest trees. However, several hundred years ago there formed at the mouth of the Red River an accumulation of logs and débris which practically closed up the river and greatly impeded its flow. This accumulation was locally known as a raft, and while it existed it continued to grow at its upper end by reason of the lodgment against it of other trees and matter flowing down the river, while the lower end, on the contrary, after a time began to decay and fall away so that the progress of the raft was up the current of the stream.

Some time about the year 1780, the particular date being immaterial, the raft had progressed up the stream to the point opposite Cypress Bayou. This impeded, if it did not stop, the flow of the water from the bayou into the river, as a result of which sediment was deposited in the bayou's mouth and the waters were backed up until they extended beyond the banks and over the entire surrounding low area now known as Ferry Lake. It should be said here that by reason of this deposit at the lower end of the bayou, its original course below the lake has been entirely obliterated and it no longer constitutes an outlet of Ferry Lake, which at some time formed another outlet higher up, known as Twelvemile Bayou.

The raft continued in the river for many years, but has now been entirely removed. Indeed the removal took place a number of years ago, but upon the removal of the raft Ferry Lake did not disappear. In this connection it should be said that a few years ago the Federal Government constructed a concrete dam across the lower end of the lake so as to maintain a certain stage of water, and while the construction of the dam has maintained a higher level of water in the lake, it is not pretended that the lake would now be dry if the dam were removed, or if it had not been constructed. The most that is contended in this regard is that when the hard soil in the bed of Twelve-mile Bayou is sufficiently eaten away, which the applicants for survey predict will be within some 25 years, then the fall from Ferry Lake to Red River will be sufficient for Twelve-mile Bayou to drain the lake.

For many years, beginning possibly as early as 1840, there was considerable navigation across Ferry Lake from a point in Texas known as Jefferson. This navigation was through Ferry Lake and other lakes to the Red River and thence down that river to the Mississippi and to various points along the latter. This commerce was at times by no means inconsiderable, but it has now diminished, principally on account of the construction of railways in that part of the country. The channel of Cypress Bayou can be distinctly traced even now through the bed of the lake. The trees that formerly grew on the land adjoining the bayou have been killed. Many of the stumps are still in existence, some of them projecting above the water, but many of them have entirely disappeared. The channel of the bayou is now susceptible of navigation, and has been so from a date prior to the establishment of the Government of the United States. That portion of the lake outside of the channel of the bayou varies in depth, some of it being 9 or 10 feet deep. Plats filed on behalf of the State of Louisiana show that a depth of 3 feet obtains over practically the entire area of the lake, a depth of 5 feet over a somewhat smaller area and a depth of 7 feet over a still smaller portion.

The meander line of the lake was surveyed in 1839, when the public lands surveys were extended over this section of the country, and from the examinations and surveys recently made by the General Land Office, that line did not accord with what was then the mean high-water mark of the lake. Notably on the north and near James Bayou a considerable area of what was land at that time was omitted from the survey, and elsewhere there are slight variations between the survey of 1839 and the recent survey made by the General Land Office. However, on the whole, the recent careful investigations made by the agents of your department show that with the exception of the land omitted on the north end of the lake, the old survey of 1839 was remarkably accurate and practically followed in the main the mean high-water mark.

It is possible that the waters of Red River in times of flood now find their way into Ferry Lake, and it may be that some of them did so at the time of the formation of the lake, or soon afterwards, but Cypress Bayou has a watershed of some 2,800 square miles, and its own waters are sufficient for the maintenance of the lake.

About the year 1908 the lands in this vicinity became known to be valuable for oil and gas. Exploration resulted in the discovery of wells of large production. The State of Louisiana claiming to own the lands under the waters of the lake by virtue of its sovereignty granted them to the Caddo levee district, which in turn leased them to the Gulf Refining Co., the latter paying a royalty of one-half of the mineral produced. Under this lease large sums of money have been paid into the treasury of the levee district. The claim of the State of Louisiana is confined to the area actually covered by the waters of the lake, and it lays no claim to the 670 acres of land lying between the high water mark and the old meander line.

It is claimed on behalf of the State of Louisiana that Ferry Lake as a whole is a navigable body of water; that it was such in 1812, when Louisiana was admitted into the Union on an equality with the other States, and that she thereby became entitled to the bed of the lake by virtue of her sovereignty; but if this contention should not prevail—that is, if the lake should be held to be nonnavigable—in that event the State claims to be entitled to the lands lying under the water by virtue of the swamp-land grant made under the act of March 2, 1849 (9 Stat. 352).

The applicants for survey, of course, base their claim under the mining laws of the United States, and they accordingly assert that the land is public land and urge that it be surveyed as such, to the end that they may be afforded an opportunity of perfecting their claims.

It is well settled that lands lying under navigable waters in this country belong to the States by virtue of their sovereignty. So numerous and well known are the decisions on this point it is not necessary to mention that. The only question presented in this regard is one of fact; whether the lake is navigable. That it was navigable at one time is beyond dispute, and that portions are even now navigable is also true. This applies at least to what is known as the channels of Cypress and James Bayous. I do not think we are concerned with the cause from which the lake resulted. It may have been unusual, even extraordinary, but the admitted cause in this case was unquestionably not artificial.

It may be that about the time of the admission of Louisiana into the Union in 1812 the waters of the lake outside of the channel of the bayous were filled with stumps and bodies of dying or dead trees, which would have interfered with practicable navigation and possibly have prevented it entirely. That, however, I regard as immaterial, because I have been referred to no decision to support the contention that there can be such a thing as the severance of the navigable from the nonnavigable portion of a body of water. Certainly, until now the United States has never questioned the navigability of this lake nor has it done anything to show that it regarded the channel of Cypress Bayou as severable from the other waters of the lake. On the contrary, the entire area has been regarded as a lake or body of water susceptible of navigation. When the public-lands surveys were made nearly 75 years ago they represented the lake practically as it now is, with the exception heretofore noted, where on the north some considerable portion of high land was erroneously represented as water.

Until the land lying under the water was discovered to be valuable for oil and gas, there was not even a suggestion that Ferry Lake was not a permanent body of water susceptible of navigation, nor was any request made of the Government to extend its surveys across it, except in so far as certain comparatively small areas of land were concerned which had been erroneously omitted from the original survey of 1839. This body of water as a whole furnished a channel for commerce, and had done so for a number of years. On the face of it, therefore, the State was clearly justified in regarding the lake as a navigable body of water, and the Federal Government, by the construction of the dam across the lower end of the lake, has encouraged the State in this belief.

The channel of the bayou itself is unquestionably navigable, and the moment an attempt is made to regard the channel of the bayou as an independent navigable stream, entirely severable from the outlying waters of the lake, another question is presented: If the waters may be properly severable, are not the submerged lands lying beyond the banks of the bayou overflowed lands and therefore subject to the grant made to the State of Louisiana in 1849 of all the swamp and overflowed lands "which may be or are found unfit for cultivation."

It is beyond dispute that within the present boundaries of the lake and outside of the channels of Cypress Bayou and the other bayous flowing into it, there was at one time, probably as late as 1780, a dense growth of forest timber, which proves conclusively that this area was at one time not covered by water. This area is styled by the applicants for the survey as "submerged forests" or "submerged land," but it might as well be called "overflowed land." To my mind there is no difference.

It is contended by the applicants for survey that the water can be drained from this land. Indeed, they assert that if let alone the lake will drain itself in perhaps another 25 years. If that be so (and it must be conceded that the land can be drained by artificial means, whatever may occur if it be let alone), the case would seem to be one peculiarly within the swamp-land grant, which was made "to aid the State of Louisiana in constructing the necessary levees and drains to

reclaim the swamp and overflowed lands therein." It is not improbable that this very situation, and others like it, were in the mind of Congress when the swamp-land grant was made. This case seems to fall within the very letter of the law, and I can conceive of nothing that would justify us in saying that it was not within its spirit.

I see little force in the contention that the State can not consistently now assert title under the swamp-land grant. Its failure to do so earlier is accounted for by the fact that the lake was regarded as a navigable body of water. And it is idle to say that the State, having asserted a claim by virtue of its sovereignty, is now estopped to assert any other claim. If the officers of the State, misconceiving her rights, assert one claim, their action in so doing in no sense estops the State from subsequently asserting any rights she may have under the law.

As I see it, Ferry Lake is either a navigable body of water as a whole or the area outside of the beds of the bayous must be regarded as submerged or overflowed lands, which, being susceptible of drainage, the State of Louisiana is entitled to acquire under the swamp-land grant. I do not believe that in the State of Louisiana, where the swamp-land grant obtains, the Government can properly close its surveys on a shallow, nonnavigable body of water and thus prevent the State from acquiring title under the swamp and overflowed land grant. This is clearly indicated by the Supreme Court in its decision in Mitchell *v.* Smale (140 U. S. 406), where, considering a somewhat similar question, the court said:

> "Nor do we mean to say that in granting lands bordering on a nonnavigable lake or stream the authorities might not *formerly*, by express words, have limited the granted premises to the water's edge and reserved the right to survey and grant out the lake or river botton to other parties. *But since the grant to the respective States of all swamp and overflowed lands therein, this can not be done.*" (Italics mine.) (Pp. 413, 414.)

This brings me to a consideration of the last contention made by the applicants for survey, and in which they are sustained by the Commissioner of the General Land Office, namely, that the land in question is mineral, and therefore did not pass to the State under the swamp-land grant.

In this connection it is urged that such title as the State ecquired under that grant was merely inchoate, and that if prior to the perfection of that title by the performance of all the acts necessary to pass title, the land is discovered to be valuable for mineral, it is excepted from the grant. I do not understand this to be the law. There was no exception of mineral land from the swamp-land grant made to the State of Louisiana and prior to that time, so far as Louisiana is concerned, the only reservation of minerals made by the Federal Government in any of its legislation affecting the public lands related to lands containing salt springs, lead mines, and contiguous tracts. The policy of reserving minerals generally was not established until after the swamp-land grant was made to Louisiana. The act of 1849 was a present grant, operative, if at all, from its date, and as this land was not known to be valuable for mineral at the date of the grant, I do not see how the subsequent discovery of mineral can in any way affect the right of the State to acquire title. Nor would the situation be materially changed even if the mineral character of the land had been known in 1849, because there was no exception of mineral in the swamp grant made to Louisiana.

This view is supported by the Supreme Court's decision in Cooper *v.* Roberts (18 How. 173), which involved a question essentially similar. In that case the State's title under the school grant was contested upon the ground that the land was valuable for its deposit of copper and it was contended that by the act of March 1, 1847 (9 Stat. 146), all the reported mining lands in that district were removed from the operation of the general laws. The land there involved had been reported as mining land, and, indeed, it has been leased for mining purposes by the Secretary of War, large expenditures having been made under the lease.

The school grant involved in that case was like the swamp grant, one in præsenti, though unlike the latter, the former attaches to no particular tract of land until survey is made, notwithstanding which the Supreme Court held that as there had been no reservation of gold, silver, or copper mines until after Michigan had been admitted into the Union the act of 1847 which made such reservation did not affect the State's right.

The decision in Cooper *v.* Roberts sheds further light upon this question in that it refers to subsequent legislation which abrogated those clauses of the act of 1847 which distinguished the mineral from other public lands and placed them alike under the ordinary system for the disposal of the public domain. (See the act of September 26, 1850, 9 Stat. 472.)

In view of the entire situation, I feel that no action should be taken to enforce or assert any claim by the Government to that portion of the area involved which is covered by the waters of the lake, because if the State's title by virtue of its sovereignty should fail for any reason I see no way of successfully resisting her claim under the swamp-land grant.

However, in so far as concerns the land lying between the old meander line and the waters of the lake I entirely agree with you that it constitutes unsurveyed public land of the United States and that appropriate proceedings should be taken to enforce the Government's claims. I am so advising the United States attorney at Shreveport by letter of even date and am sending him copies of the special agent's reports received with your letter of July 28 last, showing the trespasses which have been committed thereon.

In this connection permit me to say that I think it altogether advisable, if not in fact imperative, that the public-land surveys be extended over the land before the suits which are to be brought are actually filed. While your department has approved the finding of the Commissioner of the General Land Office, that this land was erroneously omitted from the survey, I still feel that the survey should be actually corrected before legal proceedings are instituted. The courts have no power to make or correct surveys and until the survey is corrected the Government might experience some difficulty in establishing its claim to the land. In this connection I invite your attention to the decisions of the Supreme Court of Cragin *v.* Powell (128 U. S. 691); Knight *v.* United States Land Association (142 U. S. 161); and Kirwan *v.* Murphy (189 U. S. 35).

I have accordingly advised the United States attorney that he should, as early as possible, prepare his pleadings, but that he should delay the filing of them pending the execution of the surveys, or at least until after one has been ordered and undertaken.

I am returning, under separate cover, all of the papers, maps, etc., received with your letter of March 22.

Very respectfully,

JOHN W. DAVIS,
Acting Attorney General.

Mr. RANSDELL. I understand that the Louisiana Supreme Court on Monday, April 21, rendered an opinion and gave judgment affirming a decision of the Caddo Parish district court affecting the lands in the Cross Lake section which upheld the contention of the city of Shreveport and gave validity to its title to the lands in question, which were acquired from the State of Louisiana, the State having previously acquired said lands from the Federal Government. I shall insert in the RECORD a copy of this decision as soon as it can be obtained.

VETERANS OF THE WORLD WAR

Mr. REED of Pennsylvania. I ask unanimous consent that the Senate resume the consideration of the veterans' bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 2257) to consolidate, codify, revise, and reenact the laws effecting the establishment of the United States Veterans' Bureau and the administration of the war risk insurance act, as amended, and the vocational rehabilitation act, as amended, the pending question being on the amendment of the Committee on Finance, on page 4, line 22, to strike out "$12,000" and insert "$10,000" as salary of the Director of the Veterans' Bureau.

Mr. REED of Pennsylvania. Mr. President, the only remaining committee amendment in the bill is the amendment reducing the salary of the Director of the Veterans' Bureau from $12,000, as it was in the bill when introduced, to $10,000. The Director of the Veterans' Bureau has under his command a larger force of employees than many of the departments. His bureau is spending over $400,000,000 this year. He is charged with the application of measures of relief for over 250,000 soldiers and their dependents. His responsibility exceeds that of most of the Cabinet officers of the United States. He is dealing with a new bureau which has not the benefit of settled practice to guide it. There is called for in him a greater measure of judgment and of responsibility than is called for in most of the officers of the United States Government.

I earnestly hope that the Senate will see fit to allow the salary provided in the original text, to wit, $12,000.

Mr. DILL. What salary did the director get when the bureau was established?

Mr. REED of Pennsylvania. My impression is that the Director of the Bureau of War Risk Insurance originally received $7,500.

Mr. DILL. And then it was raised to $10,000?

Mr. REED of Pennsylvania. I think it was immediately raised to $10,000.

Mr. DILL. And it is now proposed to increase it to $12,000?

Mr. REED of Pennsylvania. Yes; it is now proposed to increase it to $12,000.

Mr. DILL. How many directors have there been of the bureau?

Mr. REED of Pennsylvania. There have been two directors of the Veterans' Bureau. When it was established in 1921 Forbes was then Director of the Bureau of War Risk Insurance, and he became Director of the Veterans' Bureau upon its establishment.

Mr. WALSH of Massachusetts. But there was a Director of the War Risk Insurance Bureau previous to that time.

Mr. REED of Pennsylvania. Previous to that there was another Director of War Risk Insurance, Mr. Cholmeley-Jones.

Mr. ASHURST. Mr. President, I am aware, as, of course, every other Senator is aware, of the sacred duty imposed upon the Director of the Veterans' Bureau. I have no disposition to hamper the director in the performance of his great work. Whoever attempts to perform the work devolving upon the Director of the Veterans' Bureau will be confronted with a colossal task.

Whilst we are considering the question of fixing the salary of the director I desire to make some observations, and I shall do so without any heat or prejudice. The director is oppressed and enmeshed by the same system of red tape and circumlocution that enmeshes practically all men in the executive departments of our Government. No sooner does a man of high character and generous impulse take office in Washington than it appears he becomes somewhat of a bureaucrat. I do not say that the present Director of the Veterans' Bureau has become more of a bureaucrat than the ordinary human being becomes when he takes office in Washington.

About one-eighth of the moneys collected in the way of taxes and appropriated by Congress is spent through the Veterans' Bureau. With that I have no complaint. Indeed, on the contrary, my complaint in the past has been that we did not with sufficient celerity appropriate requisite sums to carry on the energies of the Veterans' Bureau. I am not now retracting or contradicting anything I have previously said with reference to the necessity for adequate hospitals for disabled sailors and soldiers afflicted with tuberculosis. Indeed, I am reasserting all that I have previously said upon this subject. But the present régime is developing a tendency toward holding the ex-service men too much in hospitals, especially those afflicted with tuberculosis.

Let us for a moment consider the situation as to tuberculosis of the lungs. Tuberculosis does not respond to treatment as readily as one may suppose. A person afflicted with tuberculosis of the lungs will recover his health only in so far as he is able to build up healthy tissue and healthy corpuscles. Therefore there must be successful digestion and alimentation. Merely to build a large hospital building with lines of elegance is not sufficient.

Every reasonable thing within the domain of possibility that may be done should and ought to be done to minister to the appetite, digestion, and alimentation of a person afflicted with tuberculosis, so that he may be able to assimilate the amount of food required to build up healthy tissue. If these boys are herded and confined too strictly in great hospitals and are allowed no liberty of movement, no liberty of action, but are treated more or less as men in the Army, in spite of the efforts of the ablest physicians and nurses, there comes that wistfulness, that belief that they would grow better and improve if allowed more freedom, and this element must be yielded to on behalf of the patients. So there has grown up what some call "home treatment"; that is to say, the patient who has been in the hospital during many weary months, possibly years, grows tired of the hospital, with its regimen and its rules. He believes that if he were permitted to leave the hospital, with his compensation still paid to him, and purchase a tent or to erect somewhere a small "shack" or furnish his own quarters and with some member of his family be somewhat independent he would recover more quickly. I am here to say that in every case where that may reasonably be done—and I have followed this subject with some care—the recovery of the patient is promoted. I do not wish to be understood that, therefore, all men afflicted with tuberculosis should leave the hospital; not by any means; but I do mean to say—and I assert it after an observation of some years—that the director of the bureau and the commanding officers of the various Veterans' Bureau hospitals ought to be more generous, more considerate, and more yielding with respect to those patients who, within reasonable limitations, desire to take this so-called "home-treatment" method.

Mr. DILL. Mr. President, will the Senator from Arizona yield to me?

Mr. ASHURST. I yield.

Mr. DILL. As to "home treatment," when soldiers now take "home treatment," as some of them attempt to do, they are deprived of compensation.

Mr. ASHURST. I was just going to make that remark, and I thank the Senator. For example, a soldier has been in a hospital for a year or for two years; he makes no apparent progress looking toward recovery, and he believes that if he could go into the meadows, fields, forests, hills, or on the plains and in some degree have his own way he could recover; but under the present harsh rules no sooner does he sever himself from the hospital to seek cheerful surroundings than his compensation is materially reduced or is cut practically to nothing. The result is this: Instead of having a serene mind, instead of being in a condition where he can digest food, he is worrying about his compensation; he is worrying as to whether or not his wife or his dependents will be adequately provided for. Down goes his compensation; up goes his temperature. He looks upon the reduction in compensation as an attempt of the bureau to drive him back into the hospital. That increases his temperature, disturbs his digestion and alimentation, and he is retarded in his recovery.

I make this statement in no unkind spirit, but in the hope that the Director of the Veterans' Bureau and the other officers of the bureau will read it. If they do deign to read what I have to say, I trust they will remember that it is not said in a spirit of carping criticism but of helpful criticism. I want the Veterans' Bureau to be more liberal and more generous toward those patients who wish treatment away from the hospitals.

Mr. DILL. Mr. President, will the Senator yield?

Mr. ASHURST. I yield.

Mr. DILL. Does not the Senator think the pending bill ought to provide that where a patient takes home treatment his compensation shall not be cut off?

Mr. ASHURST. I have an amendment to that effect.

Mr. DILL. I am glad to know that.

Mr. ASHURST. I will say that the junior Senator from Nevada [Mr. ODDIE] has a number of amendments which I think may effectuate this purpose.

I intend to propose an amendment if the Senator from Nevada does not propose his amendment; but he will probably propose something of this sort, because he served on the committee to investigate the Veterans' Bureau, of which committee the Senator from Pennsylvania [Mr. REED] was chairman, and of which the Senator from Massachusetts [Mr. WALSH] was a member. The Senator from Nevada also did himself the justice and the credit to visit the Veterans' Bureau hospitals in Arizona and throughout the twelfth district. The amendment which I intend to propose reads as follows:

> That any ex-service man shown to have a tuberculous disease of a compensable degree, and who has been hospitalized for a period of one year, and who in the judgment of the director will not reach a condition of arrest by further hospitalization, and whose discharge from hospitalization will not be prejudicial to the beneficiary or his family, and who is not feasible for training, shall upon his request be discharged from hospitalization and rated as permanently and totally disabled, said rating to continue for the period of three years.

That amendment, if adopted, would mean that when the ex-soldier makes the application, in the judgment of the director, he may be discharged from the hospital; and if he is discharged after having been there one year, he is to be rated as totally and permanently disabled, and that rating shall not be reduced during three years. That amendment, if adopted, would give to the ex-service man a feeling of security and a satisfaction that he and his dependents will not be subjected to penury during the time that he is taking treatment away from the hospital.

There are many imponderables to be considered in the difficult question of treating tuberculosis. In the twelfth district, for instance, the present manager when in the Philippine Islands some years ago was arrested, charged with smuggling narcotics into the Philippine Islands. He pleaded guilty and was sentenced to a term in the penitentiary.

It is a most unpleasant duty; indeed, it is a sad duty to stand here and rehearse the misfortunes of a fellow creature; but my duty is first to the ex-service men, and practically every ex-soldier being hospitalized in the twelfth district resents the fact that a man who was convicted of smuggling narcotics should be the manager of the twelfth district and should hold their destiny in his hands.

Mr. REED of Pennsylvania. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. Certainly.

Mr. REED of Pennsylvania. I am surprised at the Senator's last statement because I was under the impression, from a

report that was furnished us by a committee of investigation organized by the American Legion in that district, that they were entirely satisfied with Major Grant's administration of the district office. Does the Senator know whether the Legion has taken any action one way or the other about it?

Mr. ASHURST. Frankly, Mr. President, I do not know whether the Legion has done so or not, but various soldier organizations in my State have appealed to me to try to secure the removal of the present manager of the twelfth district. I repeat it is a most unpleasant duty to stand here and rehearse the defects of a fellow man.

Mr. REED of Pennsylvania. I did not ask the question in criticism. The Senator, of course, understands that.

Mr. ASHURST. I know that; but I repeat that it is not soothing; on the contrary, it is irritating to the tubercular ex-soldiers to have their destinies presided over by a man who served a term in prison for smuggling narcotics. I repeat, the soldiers resent that and feel that the Director of the Veterans' Bureau ought to find some other man in the twelfth district to take charge of that office. They do not presume to tell the director whom to select, but they do feel that the director ought to choose some one other than this man.

I have mentioned the matter to show the harsh tendencies, the unyielding attitude, that grows up in and about Government bureaus.

I have received some letters from Arizona, from worthy persons, persons whose judgment is entitled to respect, saying that we ought not now at this late date bring against the record of a man something that happened years ago, and that he ought to be permitted to remain in the twelfth district as the manager. That is a beautiful sentiment, but the disabled ex-service men, the persons intimately affected, and whose health and destiny are bound up in the twelfth district, do not want the present manager, and their wishes should be considered.

I believe it to be my duty to urge his dismissal. I have requested the Veterans' Bureau to do so. I have urged the President to remove this manager, but it is said to me that this man was pardoned. Be it so; be it so; but the pardon was procured by Forbes, who was a "pal," a partner in the Orient of the director of the twelfth district, years ago.

A pardon procured at the solicitation of Forbes is one upon which I may properly comment, because it has been disclosed by the hearings before the committee of which the able junior Senator from Pennsylvania [Mr. REED] was chairman that Mr. Forbes was recreant to his trust. Forbes is about to go upon trial for his liberty, and it would not become me, therefore, to make any further statement as to this matter. I do not believe it would be right for me to say anything that might tend to cause any sensation, or tend to prejudge his cause, but I do not think that any man, especially an officer of the Veterans' Bureau, ought to screen himself behind a pardon procured at the solicitation of C. R. Forbes.

I pass from this painful duty which I have now performed and I reach a more pleasant duty.

The committee appointed to investigate the Veterans' Bureau, which committee was presided over by the junior Senator from Pennsylvania [Mr. REED], of which the Senator from Nevada [Mr. ODDIE] was a member, and of which the Senator from Massachusetts [Mr. WALSH] was a member, held hearings which are published in five volumes, available for all Senators, and at this juncture I desire to read the telegram of the Senator from Nevada to the director, found on page 1569 of volume 5 of the testimony. It is as follows:

PRESCOTT, ARIZ., *October 17, 1923.*

Gen. FRANK T. HINES,

Director Veterans' Bureau, San Francisco, Calif.:

I have just completed examination of Veterans' Bureau hospital situation in Arizona and strongly urge the retention of the tubercular hospitals at both Prescott and Tucson and the making of necessary alterations and improvements to these hospitals soon as possible in order that they be made thoroughly adequate to meet demands on them and modern and complete, which they are far from being now. Also that local architects be consulted, especially in Tucson construction, in order that buildings be made suitable for warm climate. The buildings there now are wretchedly inadequate. I have studied conditions surrounding these hospitals and talked with many of the patients and find that over 90 per cent are from other States than Arizona and are typical of large number of tubercular patients throughout the United States who have set their hearts on going to certain sections of the country where they believe they can be cured and will go to these places in any event; therefore the problem is one of national necessity and national obligation and not of State or sectional interest.

The abandoning of either the Prescott or Tucson hospitals would result in severe hardship to many of the patients who desire to remain where they are, irrespective of opinions of various authorities as to the merits of certain other localities. These patients would remain in these places in any event and become charges on the communities, which are unprepared to and should not be called on to assume a duty that belongs to the Government, which it must not delegate or avoid. Rumors regarding abandonment of these hospitals are doing harm to patients in Prescott and Tucson hospitals by causing them unrest and worry. Contentment and peace of mind are necessary in effecting cure. Can testify from observation that both these places are admirably adapted for curing tuberculosis. Statistics of cures available which verify this.

TASKER L. ODDIE.

When the committee concluded their hearings they were so courteous as to ask me to express some views with reference to hospitalization in general, and I ask unanimous consent that the views I there expressed to the committee be printed at the conclusion of and as a part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

STATEMENT OF HON. HENRY F. ASHURST, A SENATOR FROM THE STATE OF ARIZONA

Senator ASHURST. I thank you, Mr. Chairman, for the opportunity of saying a word. This honorable committee of the Senate is now about to close its hearings your labors have been arduous and you have been diligent, and I doubt not they have engrossed all of your time for the past two or three months.

You are entitled to and will receive the thanks, not only of the veterans themselves, but of the country at large for your patient labor.

It is obvious to me that it is neither necessary nor desirable at this time that I should enter into a protracted discussion of the vital question of soldier hospitalization. However, I will ask leave of the committee to file some exhibits. Senator ODDIE, to whom I will again refer later, filed some exhibits, but it may be that his modesty caused him to omit from the record a copy of a telegram from himself to General Hines respecting hospitalization in the Southwest.

Senator ODDIE. That is in the record, Senator.

Senator ASHURST. I am very glad his modesty did not prevent his performing that duty.

Then, Mr. Chairman, I ask leave to include in the record a copy of a telegram from the American Legion of Phoenix, Ariz., which I think substantiates, although no substantiation is necessary, Senator ODDIE'S report.

The CHAIRMAN. We will be glad to have it in the record.

(The telegram referred to by Senator ASHURST is here printed in full, as follows:)

PHOENIX, ARIZ., *December 29, 1922.*

Hon. HENRY ASHURST,

United States Senate, Washington, D. C.:

Kindly use your influence to get hospitalized locally more than 150 disabled men who have families and relatives here, also men who have been sent into this altitude by the best medical men in the United States and who can not go into other climates. Also other men who have tried other climates unsuccessfully. These disabled veterans are being forced to live at a disadvantage as compared with those who can accept hospitalization in any climate. They are being forced to live on their compensation, which has already been reduced in many instances because they are out of hospitals. These cuts in compensation are occurring daily, and daily the men are becoming less able to care for themselves properly because in their own minds and from experience in other locations they refuse to accept transportation into less favorable climates. This condition prevails throughout southern Arizona and merits correction.

THE AMERICAN LEGION.

Senator ASHURST. I pause, Mr. Chairman, at this time to thank Senator ODDIE for the zeal and the earnestness with which he worked whilst in the State I have the honor, in part, to represent. He visited, as his report discloses—I speak only of his visits to the hospitals in my State—the hospital at Prescott, called Whipple Barracks, No. 50, and the hospital at Tucson, No. 51. I have said a vast deal about those two hospitals, about what ought to be done, and I have made some severe criticisms in times gone by, both in the Senate and before its committees. But I believe that the concise and compact report of Senator ODDIE embraces all that I could say.

I am sure, from my examination of the papers, that his report discloses a most thorough and painstaking investigation on his part. For this, of course, he has not only my thanks but, I think, the thanks of all persons, like yourselves, who are interested in the one question of rehabilitating the disabled soldier.

I might, however, contribute now a word which I hope will prove to be of some illumination to the committee in its labors in the future, for I certainly take it as the judgment of the committee that they will not at this point conclude their work, but they will ask, as I believe they should ask, Congress for a further appropriation and will ask for further time to sit, for you will remember that Congress knows nothing about hospitals except in so far as you advise them.

That is no reflection on Congress. This is a vast country; this is a vast problem; vital in its importance. Congress will know about hospitals only so much as you gentlemen tell them. That applies to me just as it applies to all other Members of Congress.

We can not, gentlemen of the committee, know to a certainty just how many hospitals are functioning properly. We can not know to a certainty whether the hospitals have been appropriately located, because, forsooth, we can not go to each hospital. We must depend upon you. I am happy to state that I am profoundly penetrated with the idea that there are no Senators upon whom we might rely to give us facts and conclusions with more confidence than we do upon you gentlemen. I trust that I am not presumptuous and will not be accused of trying to instruct my fellow Senators when I say I hope you will ask for an additional appropriation and for additional time in which to sit and continue your great work, because I know that you agree with me that this country owes to its disabled and stricken soldiers all that money and science can do to aid in restoring them to health.

I hope that you will not deem me obtrusive when I say that in our tuberculosis hospitals especially we find as time goes on in treating tubercular patients that there is what is called an "imponderable." Summons the best physicians, summons all that science can bring, but you are not sure, gentlemen, of a complete restoration to health. Tuberculosis of the lungs is indeed curable, always in its first stages, usually in its second stages. But alimentation or digestion, in my opinion, is one of the secrets of the restoration to health of a tubercular patient.

One of your number served with great honor and gallantry in the World War. He will know that the war was won because we were able to summon vigorous men at the right time.

When the lungs of a tubercular patient are attacked with tuberculosis an innumerable host of germs assail the healthy segments and structure of the lungs. Only in so far as that patient, through metabolism and the processes which are so well known to physicians, can build up healthy corpuscles of the blood to fight these invaders, overcome them, and drive them out, can that patient hope for recovery. A great conflict of armies takes place in the lungs of the tubercular patient. If the healthy "soldiers" can be assembled in sufficient numbers to overcome the unhealthy ones, we can hope that the patient will recover.

How may you summon these vast armies of healthy corpuscles? First, by taking into the stomach the proper amount of digestible, assimilable foods. But that is not all. There must be a serene and contented mind or he will not digest his food.

The imponderable in tuberculosis of the lungs is that there settles upon the patient a wistfulness; sometimes it runs to the point of melancholia, which leads him to believe that if he were over here he would be better or if he were over there he would be better; and frequently, under very good conditions, he is not wholly satisfied.

Physicians will agree with that general statement. I notice that Senator ODDIE in his report and even in his telegram to General Hines lays emphasis upon the fact that you must have cheerful surroundings for the patient.

All this means that in a tuberculosis hospital unpleasant surroundings, where conditions lead to gloom and melancholy, must be avoided. There must be pleasant places, beautiful prospects, much sunshine, which will lead the patient to a serene condition of mind that promotes his alimentation and digestion, which, of course, promotes his health.

I will close with the question as to how many copies of your hearings will be printed. I have a number of inquiries for copies of the testimony.

The CHAIRMAN. Under the rule of the Senate, I think, Senaor, we are limited to a thousand copies, without a special order of the Senate. Of course, we will have to apply for many additional copies as soon as the Senate convenes.

Senator ASHURST. I presume the printed copies will not be available for a month.

The CHAIRMAN. The printer has been working pretty hard, but he has not yet given us the complete printed copies of our first week's testimony.

Senator ASHURST. That is all.

The CHAIRMAN. The committee appreciates the kind words that you have said about our efforts. We realize that our efforts are necessarily fragmentary. There are about 50 Government hospitals, four hundred and thirty and odd contract hospitals, and it is physically impossible for us to visit them all. But we have reports through General O'Ryan's very efficient organization on practically every one of them. Those, of course, have not come out, and it was not necessary to bring them out in the public hearings, but they will be printed as part of our record, and I think they will make a useful source of information for Congress and the public on the general hospitalization situation.

I am interested to know, Senator, whether since Senator ODDIE's visit there and since he has taken up the Arizona hospitals with the Veterans' Bureau there has been any perceptible improvement reported to you from the hospitals.

Senator ASHURST. Yes; at hospital No. 50 there has been some improvement along the lines of Senator ODDIE's report, but not that general improvement that we would expect. I appreciate the practical difficulty, and I am not going to be impatient at the tediousness with which these reforms and improvements come. The situation at Tucson, if you will pardon just a reference, is really desperate.

The CHAIRMAN. That is the place where food has to be carried half a mile or some such distance?

Senator ODDIE. Yes; over a thousand feet.

The CHAIRMAN. Out of doors?

Senator ASHURST. I will ask you to be kind enough to let me know when my time expires.

The CHAIRMAN. It is a matter that we are much interested in, and we know you are, Senator.

Senator ASHURST. For example, I know one hospital where the prevailing winds are from the south. Yet the contractor in building a furnace placed it so that the fumes and gases would blow right into the hospital.

The CHAIRMAN. That is the architect's fault.

Senator ASHURST. Certainly. Care should be taken in the matter of food. A sick man, especially a man sick from tuberculosis, wants food daintily served. He must have his appetite appealed to. In some hospitals they buy beef in enormous quantities, of the best kind. No person could ask for better beef. But frequently it is cooked in great hunks, raw on one side and burned on the other. Now, I feel that the bureau ought to use better care in selecting chefs. And I think you found that situation to be true, Senator.

Senator ODDIE. I found it so.

Senator ASHURST. That is all at this time. I thank you.

Senator WALSH of Massachusetts. Do you think that one or two new hospitals should be built in Arizona? Are the present plans capable of being remodeled?

Senator ASHURST. The enlargement of the buildings, or the construction of proper buildings at Tucson, and the carrying out of Senator ODDIE's report would improve the situation in Arizona. And we must bear in mind that in these hospitals in Arizona only about 10 per cent—I think you dwelt on that—come from Arizona. They come, if you please, from other States.

Senator ODDIE. Yes; I called attention to the fact that in the Tucson hospital there are two patients from Arizona and the rest are from 40 of the other States.

Senator ASHURST. Exactly.

Senator ODDIE. And I want to add one thing. Senator ASHURST comes from Prescott. The people of Prescott have shown an unusual disposition toward the patients in that hospital. They take them into their homes. They take a personal interest in those men. And it is very different from conditions in many places, where people are too busy to look after such details. But this condition means bringing these men back to health much sooner than would otherwise occur. It contributes to their happiness and contentment of mind, which is very important in effecting a cure.

Senator ASHURST. Well, I am very gratified to have that go into the record.

Mr. ASHURST. In conclusion, I believe the Government ought to pay the director a fair salary. A man who is going to disburse $400,000,000 a year, and who has charge of all the vast and complicated details of the Veterans' Bureau, ought to be paid a good salary; but, in return, he ought to do the highest type of work and exercise the highest type of good faith.

Therefore, expressing the hope that the present régime will not develop any further tendencies toward bureaucracy and will be more liberal and more considerate, that it will not have a "set" policy to enforce against the opinion of the overwhelming numbers of ex-soldiers, I am willing to vote to pay $12,000 a year for the work. Whoever does the work of the Director of the Veterans' Bureau, whoever administers well the affairs of the Veterans' Bureau, will earn, believe me, $12,000 a year.

Mr. SMOOT. Mr. President, I send to the desk a proposed unanimous-consent agreement which I ask to have stated.

The PRESIDENT pro tempore. The Secretary will state the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed by unanimous consent that at 11 o'clock a. m. on the calendar day of May 1, 1924, the Senate will proceed to the consideration of the bill, S. 2257, a bill to consolidate, codify, revise, and

reenact the laws affecting the establishment of the United States Veterans' Bureau, and that after the hour of 11.30 o'clock a. m. on said calendar day no Senator shall speak more than once or longer than 5 minutes upon the bill, or more than once or longer than 10 minutes upon any amendment offered thereto.

The PRESIDENT pro tempore. Is there objection to the proposed unanimous-consent agreement?

Mr. ODDIE. I object.

The PRESIDENT pro tempore. There is objection.

Mr. SPENCER. Mr. President, I desire to call the attention of the Senate to the fact, which I have been thinking of this afternoon as this discussion went on, that 135 years ago to-day George Washington was inaugurated the first President of the United States, and that at that time the aggregate wealth of the United States was only about eight times as much or nine times as much as we are to-day appropriating for our disabled ex-service men; and certainly there is no disposition to curtail that appropriation. The aggregate wealth of the United States at that time I suppose was approximately $3,000,000,000, and now the aggregate wealth of the United States is over $300,000,000,000, and the annual amount which we are seeking to raise every year for the Government is substantially as much as the entire aggregate wealth of the Nation when George Washington was inaugurated President.

Mr. FESS. Mr. President, will the Senator yield?

Mr. SPENCER. Certainly.

Mr. FESS. I saw a statement from an economist yesterday to the effect that the wealth of the United States had accumulated from 1785 to the present time more than the total accumulation of 40 centuries of all the world before then.

Mr. SPENCER. I have no doubt that is true. It makes an American intensely proud, because when George Washington was inaugurated, as I say, 135 years ago to-day, the area of the United States was 892,135 square miles, and the center of population was 23 miles east of Baltimore. Now the area of the United States is 3,743,448 square miles, and the center of population is about 8 miles southeast of Spencer, Ind. The population increase has been equally as great; for at that time the population of the entire United States was not as great as is the population of five individual States of the United States to-day. The population then was 3,928,214, and the population of the United States to-day, including our possessions, is 117,859,358.

Mr. FESS. Mr. President, will the Senator yield again?

Mr. SPENCER. I yield to the Senator from Ohio.

Mr. FESS. The Senator might have said that the population then was only one-half of the population of a single city in the United States now.

Mr. SPENCER. That is quite true; and there are five States in the Union that to-day have a larger population than the entire United States had then.

AMENDMENT OF PORTO RICAN ORGANIC ACT

Mr. WILLIS. Mr. President, I had intended at this point to ask unanimous consent to call up Senate bill 2448, to amend the organic act of Porto Rico, approved March 2, 1917. It is a bill of great importance to the people of Porto Rico. I think it would lead to no discussion; but I have been informed by the Senator from Utah that there was an understanding among Senators that there would be no vote this evening. If that is the case, I do not desire to ask that that agreement be broken.

Mr. SMOOT. That was the agreement, Mr. President.

Mr. WILLIS. Then, with that understanding, I will let the bill go over until some other time, though I shall call it up as soon as I have an opportunity.

THE COTTON TRADE (S. DOC. NO. 100)

Mr. DIAL. Mr. President, on day before yesterday the report of the Federal Trade Commission in response to Senate Resolution 262 of the Sixty-seventh Congress was presented to the Senate, and I asked at that time that it be printed as a public document, and permission was granted. I have since ascertained that there are some charts and drawings accompanying the report, and I am informed that special permission will be necessary to have them included. I desire to have them go along with the report, for it is a very important one; and I now ask unanimous consent to have that done.

Mr. SMOOT. Mr. President, what report is it?

Mr. DIAL. The report of the Federal Trade Commission.

Mr. SMOOT. Do they not print their own reports?

Mr. DIAL. I think they have run out of funds.

Mr. SMOOT. That is exactly what I thought; and I object, because the Congress of the United States and the Senate have agreed that they will not print those department reports. We make appropriations for every department of the Government to print its own reports.

Mr. DIAL. I will say to the Senator that this is a very unusual report. It is a very long report.

Mr. SMOOT. If we let one in, they will all go in. We have fought the matter here for 10 years; and I object, Mr. President.

The PRESIDENT pro tempore. Objection is made.

Mr. HEFLIN. I ask for the regular order.

RECESS

Mr. SMOOT. Now, Mr. President, I move that the Senate take a recess, the recess being under the unanimous-consent agreement, until 11 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m.) the Senate took a recess until to-morrow, Thursday, May 1, 1924, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

WEDNESDAY, *April 30, 1924*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O eternal God, Thou art our refuge and strength, and the same yesterday, to-day, and forever. Do Thou lead us to a high plane of Christian faith and life that our influence, example, and service may be for Thy glory and for the good of our country. Warn our people, O Lord, against the heresy that material possessions determine the greatness and permanence of nations. Teach us that we can not dispense with the heart and soul of things and survive. Bless our land more and more that it may fulfill its splendid mission. Lead it to use its unequaled opportunity to bring mankind into living fellowship with Jesus, the Son of the living God, so that the world may know the teachings of His glorified cross. Amen.

The Journal of the proceedings of yesterday was read and approved.

VOCATIONAL REHABILITATION

Mr. SNELL. Mr. Speaker, I present a privileged report from the Committee on Rules.

The SPEAKER. The gentleman from New York presents a privileged report, which the Clerk will report.

The Clerk read as follows:

House Resolution 274

Resolution providing for the consideration of H. R. 5478, a bill to amend an act providing vocational rehabilitation of persons injured in civil employment.

HOSPITAL FACILITIES

Mr. SNELL. Mr. Speaker, I present another privileged report from the Committee on Rules.

The SPEAKER. The gentleman from New York presents a privileged report, which the Clerk will report.

The Clerk read as follows:

House Resolution 275

Resolution providing for the consideration of H. R. 5209, a bill authorizing additional hospital facilities for the Veterans' Bureau.

PERMISSION TO ADDRESS THE HOUSE

The SPEAKER. By unanimous consent the gentleman from Kentucky [Mr. ROBSION] was given permission to address the House for 15 minutes.

Mr. LONGWORTH. Will the gentleman from Kentucky yield to me to make a request?

Mr. ROBSION of Kentucky. Certainly.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent that on Friday, immediately after the reading of the Journal, the gentleman from Indiana [Mr. SANDERS] may address the House for half an hour, and the gentleman from Massachusetts [Mr. WINSLOW] may address the House for half an hour, on the subject of the so-called Barkley bill.

The SPEAKER. Is there objection? [After a pause]. The Chair hears none.

MINE DISASTER AT BENWOOD, W. VA.

Mr. ROBSION of Kentucky. Mr. Speaker and gentlemen of the House, I have asked you to indulge me while I bring to your attention what I regard as a very vital and pressing matter. The country is shocked, appalled, and grief stricken again, and for the eighth time in the last nine months, because of the

horrible mine disaster at Benwood, W. Va. Yesterday and to-day the entire population, about 5,000 people, of that community, with tear-dimmed eyes and heavy hearts, gathered about the Benwood mine opening. Practically every one of them had a relative that was killed in that terrible disaster. My heartfelt sympathy goes out to that grief-stricken community. The other morning something like 110 or 115 men left their homes; went to their work to make a support for their wives, children, and themselves. A few minutes after they entered upon their work an explosion took place that killed every man in the mine at that time.

EIGHT GREAT DISASTERS IN NINE MONTHS

If the Benwood disaster was the only one that had occurred within the last year or two we might be more able to reconcile ourselves. Coal mining is a dangerous and hazardous employment, but we are more horrified when we stop to think that we have had eight of these great mine disasters in this country in less than nine months. It is high time for the whole country, for the Congress and for those in the States charged with the responsibility of providing proper working conditions for the miners, to give this matter most serious thought.

On the 14th day of August, 1923, 93 men were killed in a coal-mine explosion at Frontier, No. 1, Wyoming; November 6, 1923, 27 men were killed in a coal-mine explosion at Glen Rogers, W. Va.; 33 men were killed in a coal-mine explosion at MacClintocah, Ill., January 25, 1924; 36 men were killed in a coal-mine explosion at Lancashire, Pa., January 26, 1924; 41 men drowned in an iron mine at Milford, Minn., February 5, 1924; 173 were killed in a coal-mine explosion at Castlegate, Utah, March 8, 1924; 24 men were killed in a coal-mine explosion at Yukon, No. 2, W. Va., March 28, 1924, and 111 men were killed in a coal-mine explosion at Benwood, W. Va., on April 28, 1924. I have not mentioned perhaps a dozen or more other coal-mine explosions in various parts of the country within the same period of time in which from 1 to 7 men were killed and from 1 to 35 were injured. There have been killed nearly 500 men and nearly 100 seriously injured within the last nine months by reason of these explosions and disasters. I have not mentioned the great number who have been killed by falling slate, bad air, and in other ways. I have only mentioned the outstanding explosions and disasters.

FIVE TO ONE

The mining of coal in Great Britain, France, and Belgium is more dangerous and hazardous than in this country, yet there are killed in coal mines of the United States nearly five times as many men as there are in Great Britain, France, and Belgium according to the number of men employed. It is obvious that there is something radically wrong in some of the mines of this country. In our haste we are not giving due regard to the safety of the miners and the protection of human lives. What I shall say, of course, is not intended for those coal operators who are giving proper care to the health and lives of the men employed in their mines. I know that a great many coal operators in this country are using every reasonable means possible to safeguard the health and lives of their men; but, on the other hand, I know there are many coal operators that have been and do now disregard safety methods and devices to protect the lives of their workmen, and it is to that class of operators and to those men who work in the mines that do not use proper care to protect themselves and their fellow workmen that I am addressing my criticisms.

COAL DUST AND CARELESSNESS

I think it can safely be asserted that coal dust and carelessness are responsible for seven of these mine disasters of which I have spoken. One of the great authorities on the question of coal-mine explosions stated recently that "coal dust is the cause of all widespread coal-mine explosions." He further asserts "stone dusting" is the only real safeguard against coal-dust explosions. This stone dust is made from limestone and other rocks and is scattered about in the mines. It has been shown that sprinkling will not prevent coal-dust explosions. The British mine operators tested this out. The British Government passed a law which went into effect June 30, 1920, requiring operators of dry-coal mines to use "stone dust," and since that time there have been no explosions in properly "stone-dusted" mines. Stone dust is being used in 60 coal mines in this country with splendid results. The Bureau of Mines has been for some time urging the coal operators of our country to use the stone dust. The Bureau of Mines contends that this is the only real safeguard against coal-dust explosions. Stone dust was not in use in any of the mines in which these recent explosions occurred. We must bear in mind that coal dust is highly explosive and perhaps has as much force as gunpowder. Coal dust collects on the walls and tops of the entries and rooms of the mines. Some gas, a match, a spark, a live wire, an open lamp may set it off, and when it is set off traverses all parts of the mine where this dust has collected, and it is the coal dust that makes these continuous explosions throughout, with the disastrous results pointed out by me.

BETTER SUPERVISION

I am sure that more adequate supervision by the operating companies and the exercise of greater care by mining employees would eliminate more than half of all accidents. They need to employ more experienced and careful supervisors. I know that many operators under close competition strive to reduce the overhead charges as much as possible in order to compete in the market, but in my humble opinion the saving in the reduction of the number of accidents would in the end more than pay for this additional supervision. We have about 200,000 nonfatal accidents in our mines each year. This means an economic loss of nearly $40,000,000 annually, but the loss from fatal accidents represents a much greater sum annually. Are we thinking too much of cheap coal and dividends and too little of the health and the lives of the men who work in the mines? The Nation is more concerned in affording proper protection to the health and lives of those who produce the coal than they are of cheap coal or dividends. The operator is entitled to and he should receive a proper and a fair return on his investment, and the miner should receive just and fair wages. The public should always be willing to pay such a price for the coal as will accomplish both of these results, and the operators should see to it that the public does pay a just and a fair price for the coal. The hazards of the coal-mining industry are very great, not only to the miners but to those who have invested their capital. Neither the States or the Nation should permit coal mines to become charnel houses or slaughter pens. Humanity dictates that the States and Nation should see to it that there are fewer widows and orphans produced in our coal mines. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. ROBSION of Kentucky. I yield.

Mr. BLANTON. I notice that one of the 110 men who so unfortunately lost their lives was an inspector, and the bulletin board showed that he had just posted his inspection notice approving of conditions. I was wondering how we are going to stop it when inspectors can not detect these matters.

Mr. ROBSION of Kentucky. I am coming to that. The inspector, if this report is true, evidently failed to do his duty. The mine was not safe. All of these explosions that I have referred to are the result of coal dust. Coal dust is highly explosive. No doubt the coal dust had been collecting in the Benwood mines for years. It no doubt was seen, but disregarded. I think it is another case where the operators plainly disregarded the warning from the Bureau of Mines and other experts as to the danger of coal dust. The use of stone dust or plenty of water no doubt would have prevented this fearful disaster.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. ROBSION of Kentucky. Yes.

Mr. GRAHAM of Illinois. Does the gentleman think there is any failure on the part of any Federal official?

Mr. ROBSION of Kentucky. None that I know of. The Bureau of Mines has been warning the operators and miners of the country. They have sent out the very best information on these subjects, and have conducted schools of instruction throughout the Nation. I am afraid that some of our operators have not followed these suggestions.

Mr. McKEOWN. Will the gentleman yield?

Mr. ROBSION of Kentucky. Yes.

Mr. McKEOWN. Is there any kind of insurance that the employees may have to protect their wives and children?

Mr. ROBSION of Kentucky. Most States have workmen's compensation laws, but the compensation in many cases is not adequate. What we want to do is to prevent this loss of life and the making of thousands of widows and orphans. The coal mines must not be slaughter pens, like some have been I have mentioned. The Bureau of Mines of the Federal Government is doing a wonderful work. America can not go on butchering her people as they were butchered at Benwood and at these other mines.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield? I want to suggest that in our State of Illinois we have very efficient legislation now, I think. Does not the gentleman think that this is primarily the duty of the States?

Mr. ROBSION of Kentucky. In the State of Illinois, since their coal mine explosion at MacClintocah, they are using stone dust to prevent these explosions, and I understand with splendid

results. I do not contend that Congress has the power to regulate or provide for the safety of mines. Perhaps this is the duty of the States. Congress has the power and it has exercised that power by creating a Bureau of Mines and by providing mine-rescue stations and mine-rescue cars and by gathering and sending out information that will be helpful to the coal-mining industry and to the business of coal mining. I think Congress ought to provide more funds for this bureau and to enlarge its benefits. It is not trying to run the coal business but it has and can bring helpful suggestions and information to the operators and miners. I am bringing these disasters to the attention of the country again. I want to get the ear of the country, the miners, and the coal operators, and urge the operators to take steps to provide proper safeguards to protect the health and the lives of the men who must go into the mines to produce the coal for the Nation and to provide a living for themselves and their children.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. ROBSION of Kentucky. Yes.

Mr. BLANTON. Just a short time ago there were a hundred people killed in Washington in one building, the Knickerbocker Theater. That is something that the Congress has jurisdiction over.

Mr. ROBSION of Kentucky. That was a most regretable accident, but that does not justify the killing of hundreds of coal miners. The coal miner, as a matter of necessity, assumes a great deal of hazard. I want to make that hazard as small as possible for their health and for their lives. Every time you kill a hundred or so of men in the coal mines you add to the price of coal to the consumers of the Nation and make a lot of helpless widows and orphans. I represent one of the great soft-coal producing sections of the Nation. We have not had a coal-dust explosion in my section of the country for more than 20 years and have not had any other kind of explosion. I am sure this is because proper safeguards have been employed. Of course, the miner should exercise proper care the same as the operator. In many places unskilled and inexperienced men are employed and are given dangerous tasks.

REMEDIES

There have been so many of these great mine disasters in recent months, I would suggest a conference of the governors of the coal-producing States and those who are charged with the administration of the State mining laws, representatives of the operators and the miners, and representatives of the Bureau of Mines to work out such policies and suggest such State laws as will practically eliminate any of these great mine disasters in the future. Our Committee on Mines and Mining will in a few days begin hearings on some bills, and we invite those to appear before our committee who may have helpful suggestions. These agencies, I am sure, can and will solve this problem. [Applause.]

CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday and the Clerk will call the roll of the committees.

REORGANIZATION OF FOREIGN SERVICE

The Clerk called the Committee on Foreign Affairs.

Mr. ROGERS of Massachusetts. Mr. Speaker, by direction of the Committee on Foreign Affairs I call up the bill (H. R. 6357) for the reorganization and improvement of the foreign service of the United States, and for other purposes.

The SPEAKER. This bill is on the Union Calendar. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union, and the gentleman from Connecticut, Mr. TILSON, will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 6357, with Mr. TILSON in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read the title of the bill.

Mr. ALLEN. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from West Virginia makes the point of order that there is no quorum present. The Chair will count.

Mr. ROGERS of Massachusetts. Mr. Speaker, I move that the committee do now rise, and on that motion I ask for tellers.

The CHAIRMAN. The gentleman from Massachusetts moves that the committee do now rise and demands tellers.

Tellers were ordered, and Mr. ROGERS of Massachusetts and Mr. ALLEN were appointed to act as tellers.

The Committee divided; and the tellers reported—ayes 3, noes 99.

The CHAIRMAN. On this vote the ayes are 3 and the noes are 99. So the motion is not agreed to. A quorum is present, The committee refuses to rise, the Clerk will continue reporting the bill.

Mr. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. PORTER] is recognized for one hour.

Mr. PORTER. Mr. Chairman, I yield 30 minutes of that time to the gentleman from Massachusetts [Mr. ROGERS].

Mr. CONNALLY of Texas. Mr. Chairman, has there been any arrangement made in respect to the time?

The CHAIRMAN. The time is under the regular Calendar Wednesday rule.

Mr. CONNALLY of Texas. I understand that provides for an hour on a side. Who gets the hour?

The CHAIRMAN. The chairman of the committee gets the hour in favor of the bill.

Mr. CONNALLY of Texas. I claim the hour against it.

Mr. BLANTON. Mr. Chairman, if the gentleman is against the bill he is entitled to it, but this is a bill on which there ought to be some active opposition.

The CHAIRMAN. We will cross that bridge when we come to it. The gentleman from Massachusetts is recognized for 30 minutes.

Mr. ROGERS of Massachusetts. Mr. Chairman, the predecessor of this bill was before the Congress about a year ago. It passed this body by an overwhelming vote, only 27 votes being cast in the negative. We think in the Committee on Foreign Affairs that we have improved the bill in a number of respects in the intervening year. In the course of the discussion a year ago I made a very full explanation of the bill, perhaps wearisomely full. If it is agreeable to the membership of the House, I should prefer to make my remarks this morning, so far as possible, in the form of answers to questions. In other words, I shall welcome inquiries or comments, because I think perhaps in that way will best be brought out the features of the bill that interest or disturb members of the committee.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Massachusetts. I yield to the gentleman from Oklahoma.

Mr. HASTINGS. For the benefit of those Members who were not here during the past session of Congress I was going to suggest the advisability of the gentleman from Massachusetts taking a few minutes to make a general statement about the bill, and then later yield to questions.

Mr. ROGERS of Massachusetts. I shall be very glad indeed to make a brief general statement.

This bill is a reintroduction of the bill H. R. 17 and embodies the modifications thereto which the Committee on Foreign Affairs found advisable. I should like to call to the attention of the Members of the House the degree of support and sanction which the bill has from those who are best qualified by reason of their information to appraise its value. We have the support of two Secretaries of State for this specific legislation. I have in my hand a letter from former Secretary of State Robert Lansing under date of February 2, 1923, in which he categorically indorses the measure in the strongest possible terms. The testimony of Mr. Secretary Hughes is spread at length in the hearings of a year ago. Again during the past winter he testified before the Committee on Foreign Affairs indorsing the measure. Former Undersecretary of State Frank Polk, whom the Members of the House who were here during the war period will recall as one of the ablest officials that the State Department ever had, made a special journey from New York to Washington, interrupting his very busy law practice, in order to tell the Committee on Foreign Affairs that he thought this bill ought to pass for the good of the country.

Former Ambassador John W. Davis, a distinguished former Member of this House and an authority upon the foreign-service problems of America, also made a special trip from New York to Washington to indorse the bill. Almost every trade and commerce organization, almost every export organization throughout the length and breadth of the United States, has put itself on record in favor of this particular proposal.

It is interesting to note that the American Federation of Labor also espouses the legislation, because it recognizes that the system which has heretofore prevailed has not been a democratic system; and it recognizes at the same time that a measure such as that now before the House, by broadening the field of opportunity, by broadening the field of selection, will enable a much larger percentage of the young men of America to aspire to become members of the foreign service of the United States.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield for a question?

Mr. ROGERS of Massachusetts. I yield.

Mr. McKEOWN. After the passage of this bill will it be possible that men of small fortunes, men of reasonable fortunes, can aspire or can fit themselves for appointment to positions in the foreign service?

Mr. ROGERS of Massachusetts. After the passage of this bill, for the first time in the history of the United States, it will be possible for a young man without private means to aspire to this service with the assurance that he will be able to represent the country worthily and at the same time be self-supporting.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. LAGUARDIA. Along the line of the inquiry made by the gentleman from Oklahoma [Mr. McKEOWN], this bill provides for the possibility of advancement and promotion and appointment to the higher diplomatic offices; but there is nothing in this bill that provides for the payment of the rent and the dwelling and costs incidental to such position. I think that is what the gentleman had in mind.

Mr. McKEOWN. I had in mind this, if the gentleman will yield, that heretofore the greatest thing that has been in the way of the proper representation of the people of the United States abroad has been that these places have been confined by the nature of things to men of large means who are able to accept them. That is no reflection on these gentlemen, but it has called for great sacrifices on the part of many men, and there are many young men and other men in the United States who could fill the places just as creditably.

Mr. ROGERS of Massachusetts. I do not mean to suggest that the foreign service after this bill is passed will be a service that will attract the mercenary. It should not be that kind of service. After this bill goes through—and I repeat it emphatically—it will be possible for a young man without private means to maintain himself decently abroad and at the same time to represent worthily the United States. That has not been possible up to this time in the history of the United States.

Mr. LAGUARDIA. That is particularly true with respect to the Consular Service?

Mr. ROGERS of Massachusetts. Yes.

Mr. LAGUARDIA. It does not go as far as to provide that ideal in the Diplomatic Service?

Mr. ROGERS of Massachusetts. It aims at it. The ideal, perhaps, is not attainable at home or abroad. Our duty is to go as far as we can, remembering both our own duty to the Government and the obligation of the Government to be worthily represented abroad.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. WILLIAMSON. Under the terms of this bill I understand appointments of foreign officers shall be by commission to a class, and not by commission to any particular post, and such officers shall be assigned to posts and may be transferred from one post to another as the interests of the service may require. I want to ask, in that connection, whether those who are appointed to the Consular Service can be automatically transferred from that class to the Diplomatic Service?

Mr. ROGERS of Massachusetts. That is one of the primary purposes of the bill. Up to this time we have kept the diplomatic side of our foreign service and the consular side of our foreign service in two water-tight compartments. There was a theoretical possibility of appointing a diplomat to consular work and vice versa. In practice the interchange was never effected. It was only about 25 years ago that the question of interchangeability became important. It has only been since the time of the Spanish-American War that the United States has become a world power. Before that time, speaking very generally, questions of international politics and questions of international trade were separate and distinct. It was perfectly proper, perhaps, in those days for the Diplomatic Corps, dealing with international politics on the one hand, and for the Consular Corps, dealing with international business on the other hand, to be distinct and to be kept apart in water-tight compartments.

I do not need to remind the membership of this House that to-day all that is over. To-day every question of international politics involves a question of business, a question of expanding or protecting American trade. The old artificial separation between the two sides of our foreign service is just as archaic as ordeal by battle.

Mr. McKEOWN. Will the gentleman yield?

Mr. ROGERS of Massachusetts. And another point before I yield. Since the World War, especially, the conditions which were growing up during the first 15 years of this century have become accentuated and are to-day very acute. The race for world trade is a rivalry of an intensity which has never been seen before in the history of the United States or of the world. We must be prepared to compete; we must be prepared to go out and get our share of world business. The only way we, as a nation, can be sure of accomplishing our goal in that respect is to be represented by our very best men in the foreign service of the United States. Up to this time we have not universally been represented by our best men, although we have been represented by and large by pretty good men.

The purpose of this bill is to put the foreign service of the United States on such a basis that it can give America the place in world trade and world diplomacy to which it is entitled and to which it can successfully aspire only if the proper instrumentalities are provided.

I will now yield to the gentleman from Oklahoma.

Mr. McKEOWN. I am in thorough sympathy with the statement made by the gentleman. I wanted to know what difference there would be after the passage of this bill with reference to a duplication of work on the part of the representatives of the Department of Commerce in the foreign field and what effect the passage of this bill will have on reducing any duplication of work if any exists.

Mr. ROGERS of Massachusetts. A full answer to that question, which I am very glad to have the gentleman ask, is rather a long one, but I think the question is important enough to warrant its being replied to at some length.

For years in this House we have heard discussions as to whether the Department of Commerce foreign service was not at least in part duplicating the foreign service of the Department of State. I have participated in that discussion a good many times, and I have in the past taken the view that the Department of Commerce foreign service was duplicative. The judgment of this House and of this Congress has been that even though there was some duplication, that duplication was for the best interests of the country. The two services have therefore been allowed to continue.

Within the last month the most important step in this connection that has ever been taken was taken through the medium of an Executive order. Under date of April 4, 1924, the President issued an Executive order with the view of avoiding duplication, with the view of giving unified direction to the activities of the representatives of the Government of the United States in foreign countries, with the view of coordinating the promotion and protection of the commercial and other interests of the United States, and with the view of insuring effective cooperation and encouraging economy in administration. That Executive order, I think, is not very generally appreciated at its full importance throughout the country. Mr. Chairman, I ask unanimous consent to have the Executive order printed as a part of my remarks, together with the short statement which was issued from the White House when the Executive order was issued.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to extend his remarks in the RECORD in the manner indicated by him. Is there objection?

Mr. CONNALLY of Texas. Reserving the right to object, why does not the gentleman read it? If it is printed in the RECORD after the passage of this bill, the members of the committee will not have the benefit of it.

Mr. ROGERS of Massachusetts. I will read the first few sentences of the Executive order:

> The following regulations are hereby prescribed for the guidance of the representatives of the Government of the United States in foreign countries with a view to giving unified direction to their activities in behalf of the promotion and protection of the commercial and other interests of the United States, insuring effective cooperation, and encouraging economy in administration.
>
> Whenever representatives of the Department of State and other departments of the Government of the United States are stationed in the same city in a foreign country they will meet in conference at least fortnightly under such arrangements as may be made by the chief diplomatic officer or, at posts where there is no diplomatic officer, by the ranking consular or other officer.
>
> It shall be the purpose of such conferences to secure a free interchange of all information bearing upon the promotion and protection of American interests.

I am not going to read all of the Executive order, but I renew my request that as a matter of record it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none.

The Executive order is as follows:

EXECUTIVE ORDER

The following regulations are hereby prescribed for the guidance of the representatives of the Government of the United States in foreign countries with a view to giving unified direction to their activities in behalf of the promotion and protection of the commercial and other interests of the United States, insuring effective cooperation, and encouraging economy in administration.

Whenever representatives of the Department of State and other departments of the Government of the United States are stationed in the same city in a foreign country they will meet in conference at least fortnightly under such arrangements as may be made by the chief diplomatic officer or, at posts where there is no diplomatic officer, by the ranking consular or other officer.

It shall be the purpose of such conferences to secure a free interchange of all information bearing upon the promotion and protection of American interests.

It shall be the duty of all officers to furnish in the most expeditious manner, without further reference, all economic and trade information requested by the ranking officers in the service of other departments of the Government assigned to the same territory: *Provided*, That where such compliance would be incompatible with the public interest or where the collection of such information requires research of such exhaustive character that the question of interference with regular duties arises, decision as to compliance shall be referred to the chief diplomatic officer or to his designated representative or, in the absence of such officers, to the supervising consular officer in the said jurisdiction. All failures to provide information requested as hereinbefore set forth shall be reported immediately by cable to the departments having jurisdiction over the officers concerned.

With a view to eliminating unnecessary duplication of work officers in the same jurisdiction shall exchange at least fortnightly a complete inventory of all economic and trade reports in preparation or in contemplation.

Copies of all economic and trade reports prepared by consular or other foreign representatives shall be filed in the appropriate embassy or legation of the United States or, where no such office exists, in the consulate general and shall be available to the ranking foreign representatives of all departments of the Government. Extra copies shall be supplied upon request by the officer making the report.

The customary channel of communication between consular officers and officers of other departments in the foreign field shall be through the supervising consul general, but in urgent cases or those involving minor transactions such communications may be made direct: *Provided*, That copies of all written communications thereof are simultaneously furnished to the consul general for his information. It shall be the duty of supervising consuls general to expedite intercommunication and exchange of material between the Consular Service and all other foreign representatives of the United States.

Upon the arrival of a representative of any department of the Government of the United States in any foreign territory in which there is an embassy, legation, or consulate general, for the purpose of special investigation, he shall at once notify the head of the diplomatic mission of his arrival and the purpose of his visit; and it shall be the duty of said officer or of his designated representative, or in the absence of such officer then the supervising consular officer, to notify, when not incompatible with the public interest, all other representatives of the Government of the United States in that territory of the arrival and the purpose of the visit and to take such steps as may be appropriate to assist in the accomplishment of the object of the visit without needless duplication of work.

In all cases of collaboration, or where material supplied by one officer is utilized by another, full credit therefor shall be given.

CALVIN COOLIDGE.

THE WHITE HOUSE, *April 4, 1924.*

STATEMENT ISSUED BY THE WHITE HOUSE WHEN THE FOREGOING ORDER WAS MADE PUBLIC

It is the purpose of the Executive order herewith promulgated to establish in the foreign service of the United States the basis for a coordination of effort in advancing American economic and commercial interests which will eliminate unnecessary duplication of work and enourage representatives of this Government in foreign countries to cooperate more fully in the accomplishment of their respective missions. The order does not modify the existing functions of the several executive departments, nor will it affect any changes hereafter made in these functions by subsequent act of Congress. As originally proposed it applied only to relations between foreign officers of the Department of Commerce and the Consular Service. In its perfected form it is reciprocal in nature and all inclusive in scope, placing alike upon all representatives of this Government abroad the responsibility to assist their colleagues of the foreign service in the performance of all regularly assigned duties.

It may be appropriately stated that the regulation of interdepartmental relations in the foreign field as herewith ordered is in harmony with the effort now proceeding through the Bureau of the Budget and the Joint Congressional Committee on Reorganization to realize a balance in administrative relations which will conserve the public funds. It is confidently expected that in effect this regulation will give purposeful unity to the activities of this Government in foreign countries, and in so doing will give additional impetus here at home to the endeavor being made to practice intelligent economy in public expenditures through coordination of the work of the several executive departments.

In this matter the Executive has had the friendly and most helpful counsel of Members of the Congress acquainted with the practical phases of administrative problems in the foreign service.

Mr. ROGERS of Massachusetts. It is interesting to note that before the issuance of the Executive order various departments of the Government—and there are a number of them which have agencies in the foreign field—cooperated in agreeing upon the text and terms of that order

The other day we passed in this House a bill introduced by the gentleman from Michigan [Mr. KETCHAM] establishing and giving an organized status to the agricultural attachés who are sent forth by the department in Washington to take care of agricultural investigations and inquiries throughout the world. There is at present on the calendar a bill introduced by my colleague from Massachusetts [Mr. WINSLOW], of which the number is H. R. 7034, and which is a bill to establish in the Bureau of Foreign and Domestic Commerce of the Department of Commerce a foreign commerce service of the United States, and for other purposes. That bill is to give legislative recognition to the foreign commerce service of the United States. Up to this time the foreign agencies of the Department of Commerce have been very largely dependent upon items in appropriation bills. I think it is safe to say, gentlemen of the committee, that when the Ketcham bill, when the Winslow bill, and when the bill which is now before the House have become law, we shall for the first time in our history have a well-rounded, well-conceived, and efficient fighting machine, fighting for the best interests of the country abroad in the realms of international trade.

It is a rather remarkable thing that though this country has been in existence something like 140 years, there has never been but one act put through Congress providing a general reorganization of the foreign service. That law was enacted in 1856, nearly 70 years ago.

Mr. Wilbur J. Carr, who is the director of the Consular Service and who is also the budget officer of the Department of State, is well known to a great many Members of this House, and is beloved and respected, I think, by all. In the course of the hearings upon the bill he said this concerning the measure:

> The second measure in all the history of this country in relation to the foreign service, and by far the most important and most far-reaching, is this measure which you have before you. There has not been anything like it since the Government began to exist. In my judgment, if you enact it you have a bill which will furnish the basic structure of the organization for your foreign service for 50 years, a bill on which you can build any kind of a foreign service you please, a bill on which you can provide for ministers and ambassadors, secretaries, and consuls, in the light of what you believe to be responsive to the opinion of the country. I do not think I can stress too much the importance of this bill being enacted into law.

I should like to suggest—and, of course, this is an important consideration in these days when economy is demanded—what the cost involved in this measure is.

In the first place, I wonder if Members of the House generally realize that the foreign service of the United States is nearly, and frequently completely, a self-supporting service. On page 5, of the report on this bill, you will find the situation as of the fiscal year which ended June 30 last. The expenditures for the foreign-service establishment amounted in that year, the latest year, of course, for which we have complete figures, to $8,435,000. The receipts from the foreign service amounted to $7,981,000. The net cost of the service, the net amount which must necessarily have been defrayed from the Treasury of the United States, was thus less than one-half million dollars.

Mr. CELLER. Will the gentleman yield for a question?

Mr. ROGERS of Massachusetts. Just one more point and then I will be glad to yield.

I have just been furnished the figures for the first half of the fiscal year 1924; that is, the figures for the period which ran from July 1 last until January 1 last. I find that the consular receipts this year are coming in at the rate of eight and a half million dollars, as compared with $6,800,000 for the last fiscal year. If this showing is maintained, it will mean, of course, that the technical deficit shown for 1923 will be

wiped out. Thus, for the year 1924 the foreign service of the United States will be maintained without a single cent of appropriation or of burden upon the taxpayers of the United States. In fact, it will show more than a million-dollar profit.

I yield now to the gentleman from New York.

Mr. CELLER. Will that condition obtain after you have set up your pension fund and have taken into consideration the deficiency because of that pension fund?

Mr. ROGERS of Massachusetts. Yes, indeed. I shall be glad to discuss the pension fund in a moment.

Mr. LONGWORTH. Will the gentleman yield?

Mr. ROGERS of Massachusetts. I yield to the gentleman from Ohio.

Mr. LONGWORTH. What was the amount of the passport charges?

Mr. ROGERS of Massachusetts. The passport fees for the year ended last June 30 were $1,144,000. They were very much larger than the previous year.

Mr. LONGWORTH. The passport and visé fees.

Mr. ROGERS of Massachusetts. Yes; both the passport and visé fees were larger.

Mr. CRISP. Will the gentleman yield for a question?

Mr. ROGERS of Massachusetts. I yield to the gentleman.

Mr. CRISP. I would just like to ask my friend how much will be the initial increase in the salaries of the Consular Service if this bill is enacted into law?

Mr. ROGERS of Massachusetts. The present salary scale for the Diplomatic and Consular Service combined is $2,311,600. The proposed salary scale is $2,807,100. The apparent increase is thus $495,500. To be deducted from this, if the House shall so decide as a result of this legislation, would be the current appropriation of $150,000 for post allowances, which the House may think should properly be deducted if a reorganization of salaries goes through. In the event that post allowances are deducted, then the actual increase in salaries involved in this bill is $345,500 a year.

As I was on the train last night I picked up a newspaper describing a large coast-defense gun which is now on its way from Watervliet Arsenal, N. Y., to its emplacement in Boston Harbor. I find that that one gun with the carriage and the emplacement will cost something like $2,000,000, four times and more the annual cost of giving us what will be the best foreign service the United States has ever had, instead of the service of to-day, which is merely a pretty good foreign service. I am not underestimating, I am sure, the value of the coast defenses of the Nation. We must have proper defense, but, gentlemen, in my judgment, if you can give us the best foreign service that the country can provide, you are doing a lot more toward peace insurance than you are by multiplying munitions of war. [Applause.]

I yield to the gentleman from Oklahoma.

Mr. McKEOWN. This revenue or income is derived from fees charged for services rendered by the department?

Mr. ROGERS of Massachusetts. Yes.

Mr. McKEOWN. Can the gentleman tell us whether the other services of the other departments derive any income at all from their services?

Mr. ROGERS of Massachusetts. In the foreign field?

Mr. McKEOWN. Yes.

Mr. ROGERS of Massachusetts. There is very little work done by the other branches of the Government for which fees can be charged. The gentleman will remember that the foreign service of the Department of Commerce is only 10 years old; the foreign service of the Department of Agriculture is still more recent. The Consular Service, since the foundation of the Government in 1789, has been the primary agency that represented the American business men abroad, both the exporter and the importer.

Mr. McKEOWN. This just emphasizes something I have contended for in the House, that there are many departments here in Washington, in addition to the State Department, that render service to private individuals for which there ought to be some reasonable charge.

Mr. ROGERS of Massachusetts. I have no doubt that is true.

I have spoken earlier in my remarks of the importance of interchangeability from the standpoint of the service and its smooth and facile operation. I should like to speak of it also from the standpoint of the young men who enter the service.

Up to this time, I repeat, the two sides of our foreign agency have been kept entirely distinct and apart. A young man just out of college would go into the Diplomatic Service, oftentimes, because he liked the work; oftentimes because he liked the kind of play he thought might develop from that particular occupation. He went, I say, direct from college. He never had the first instincts of a business training. He never knew anything about how a consulate was operated. He often got a somewhat warped idea of his own importance. He would be fêted and made socially much of in the foreign capital to which he was assigned. He would lose his sense of values and his perspective.

What are we going to do under this bill? Every young man, when he is originally appointed to the unified foreign service is going to be sent to a consulate. He is going to be sent to Singapore, perhaps, or to the West Coast of Africa or to some point in the Transvaal or to Saigon. He will not find social opportunities awaiting him in those cities. He will rather find an opportunity for the hardest kind of hard work. He is going to get an experience and an education that will be valuable to him and his country all his life. He will be a better public servant because of the practical training the bill will give him that he has never had before.

Mr. KING. Will the gentleman yield?

Mr. ROGERS of Massachusetts. I will.

Mr. KING. It has been a constant mystery to me how all these places have been maintained for the sons of rich parents as a general rule. Will the bill open up the foreign service for people who have no money?

Mr. ROGERS of Massachusetts. This bill, for the first time in the history of the United States, will make the service available for the poor man.

Mr. HILL of Maryland. Is it not true that no man except those of independent means could heretofore afford to accept a place in the service?

Mr. ROGERS of Massachusetts. That is true of the diplomatic side. A man on the consular side could support himself in a proper way without private means. The gentleman from New York can perhaps answer that question better than I can.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PORTER. I yield the gentleman five minutes more.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. ROGERS of Massachusetts. I yield.

Mr. LAGUARDIA. Section 14 provides that the State may assign officers to duty in the Department of State. Did the committee consider the desirability of requiring officers after serving abroad to serve 1 or 2 years at home every 5 or 10 years?

Mr. ROGERS of Massachusetts. We have a new provision in the bill which I hope will meet with the approval of the committee. It embodies the gentleman's suggestion. It will be found in section 15:

> That the Secretary of State is authorized, whenever he deems it to be in the public interest, to order to the United States on his statutory leave of absence any foreign service officer who has performed three years or more of continuous service abroad.

Our notion in committee was that it was important to the individual after he had served a certain period abroad to have an opportunity to come home, but that it was vastly more important to the country that the man should come back so as to get first-hand information from and about America, and also so as to give American business men the benefit of the things he had learned during his service abroad.

Mr. CELLER. In other words, a man is more or less affected by the color of his surroundings.

Mr. ROGERS of Massachusetts. It takes a level-headed, hard-headed man not to be influenced by his environment. We want to bring every foreign service officer back to the American environment every so often for the sake of the country.

Mr. CELLER. I know the gentleman's time is short, but will he not say something about the pension question?

Mr. ROGERS of Massachusetts. There never has been a retirement system for the foreign service. We retire our Army officials and our Navy officials. We retire our judges. We retire all these three services without exacting any contributions from the beneficiaries. We retire the civil-service employees of the Government, but we exact 2½ per cent from these men out of their annual salary. In this bill we say that the principle of retirement is so firmly established in this country in almost every other Government activity that there seems no reason why we should not extend it to this additional realm of Government activity.

We say this—and in my judgment it is too niggardly, but we wanted to present a bill that would certainly meet with the approval of the House—we say to the foreign service men, "You must contribute 5 per cent of your salary." I think the analogy of the foreign service officer to the Army officer and to the naval officer is much more complete than to the civil-service employee in Washington.

The foreign-service officer is going hither and yon about the world, giving up fixed places of abode, often rendering difficult and hazardous service of prime importance to the United States.

Yet we say that we will not treat him as we do the Army and Navy, which are upon a noncontributory basis. We will not do for them what Great Britain does, by retiring her foreign-service men on two-thirds pay without exacting contributions. We will not even do what we do for the civil-service employees of the Government in requiring them to pay but 2½ per cent. What we do for the foreign-service officials is to take 5 per cent of their salary; but on the other hand—and I think you will agree that we could not do less—we remove the artificial provision which provides a maximum annuity of $720.

Mr. CELLER. You make the retiring age 65 years?

Mr. ROGERS of Massachusetts. Sixty-five.

Mr. CELLER. And the clerk in Washington in the field service is retired at 70 years of age?

Mr. ROGERS of Massachusetts. There is added a provision that the Secretary of State may retain any man for five years if he finds it wise for the country so to retain him.

I call to the attention of the gentleman the fact that the kind of service which these men must render involves going to the Tropics; it involves very difficult and unsettling changes in the mode of life. The consensus of opinion was that the country was better off to retire them, as a general rule, at 65. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. COLLINS rose.

The CHAIRMAN. Is the gentleman from Mississippi opposed to the bill?

Mr. COLLINS. I am.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi in opposition to the bill.

Mr. COLLINS. Mr. Chairman, I am always more or less reluctant to oppose my colleagues on the committee, but in this instance I can not see my way clear to join with them in support of this measure. This bill does not confer upon the Secretary of State any additional power except to increase the salaries and emoluments of these officers. There is no power that is given in this bill, except to grant pay increases, that the Secretary of State does not now possess. In order to let you know the extent of these pay increases so that you may determine whether or not you are willing to grant them, the bill provides that the clerks in embassies are given a maximum salary of $9,000 a year. Consuls general of a certain class are likewise given $9,000 a year.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Let me finish my statement first. The existing salaries of clerks in embassies range from $2,500 to $4,000 per annum. This bill increases the salaries of these clerks so that in the future they will range from $3,000 to $9,000 per annum. In other words, there is an increase of more than 100 per cent in some of the salaries.

The bill is framed more in the interest of diplomatic employees than consular. There are two consuls now who receive $12,000 a year, and there are others who receive $8,000 and on down to the minimum of $2,500 a year. Of course, increases are granted to consular employees, too, but not to the extent granted to diplomatic clerks. It is a pay increase bill, and that is all there is to it.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Not now. That is not all it does for this foreign force. It gives them a retirement allowance with a maximum of $5,400 a year—not beginning with those who are to serve 10 or more years in the future, but providing that a man can retire at the present time, if he has served a given length of time, and can begin drawing this $5,400 a year as a retirement allowance for the rest of his natural life, without having paid anything for this pension. You gentlemen know where this is going to lead. You know there will not be an employee in any of the departments of the Government who will not contend for similar retirement allowances in the future. If we are willing to open the doors and grant such retirement allowances, well and good; but as for me, I am not going to vote for them.

Do you realize that certain clerks in certain embassies will draw more salary than a United States Senator or a Member of this body? I have not yet reached the point where I think a clerk in an embassy is more valuable to this Government than a Member of the House or a Member of the United States Senate, nor that some of them of a lower order termed "cookie pushers" by Minister Hugh Gibson are worth from $6,000 to $8,000 per year to us.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Not now.

Mr. KING. What is a cookie pusher?

Mr. COLLINS. He is a cake eater. That is not all that these young gentlemen will receive under the provisions of this bill. This does not fully satisfy them. They are given what is termed a "representation allowance." A representation allowance is very much more than a post allowance. Any sort of expense that can be imagined can be listed under the head of representation allowance. Let me read to you what Mr. Carr's definition of representation allowance is, page 156 of the hearings:

A representation allowance is an allowance which has its origin in the practice of foreign Governments. It may cover furniture and furnishings for the official residence and the rents of the officer's residence. It may cover entertainment; it may cover an allowance for receptions on the annual 4th of July celebration; it may cover an allowance for expenses for official entertainment given to officers and commanders of our fleets when they visit foreign ports; it may cover various outlays which the head of the mission or a consulate makes in properly representing his Government.

I noticed a few days ago where the price of a court uniform, including the short trousers commonly worn in some of the embassies of Europe, is $640. Under this bill our ambassador can pay for such uniforms.

Mr. CELLER. Are those golfing trousers?

Mr. COLLINS. No; I think they are called "spoofing" trousers. It may be said that this representation allowance goes to the head of the mission. This is not the case. It is worded so as to take care of any expense whether incurred by the head of the mission or by a clerk in the mission. He can spend it in any way he pleases, he can allow a part of it to his clerks if he desires, he can spend it himself. Throughout the hearings there runs the suggestion that ambassadors, ministers, and clerks should be allowed representation allowance.

We now come to the question of the increased cost to the Government as a result of this salary bill. Mr. Hughes testified that the additional pay of the men now in the service would be $495,000—page 15 of the hearings. In addition to this the retirement allowance will ultimately reach the amount of $504,000 per annum—page 120 of the hearings. The cost of representation allowance will be the full amount that these gentlemen will be able to get the Appropriations Committee to grant them. It will increase, as we know, as the years go by. Therefore we will have to begin with an approximate increase of about a million and a half dollars a year in salaries and perquisites. I do no believe such increases are warranted.

Some one said something about the character of these young men and that only the sons of rich men can get these diplomatic places. It has been testified in the hearings that in these examinations a thorough inquiry as to the ancestry of the applicants is made in order to find out the eligibility of the person applying.

Mr. ROGERS of Massachusetts. I wish the gentleman would read the passage to which he refers.

Mr. COLLINS. I shall certainly do it. Mr. Wright, on page 52 of the hearings, said:

They must possess that peculiar adaptability, breeding, character, personality, education, intelligence, poise, and common sense which I suppose one might consider as a rather broad definition of diplomacy.

Of course, all this does not refer to the Consular Service.

Mr. ROGERS of Massachusetts. The gentleman would not conclude from Mr. Wright's testimony, I am sure, that there was any question of pedigree involved.

Mr. COLLINS. Let me read on and see if there is:

In other words, he has to establish with the Department of State sufficient bona fides as to his reputation and antecedents, and we look closely into it by various ways after the designation to take the examination. He then takes the examination.

This is on page 60.

Another instance:

Because in the majority of these instances we have some of our more confidential means of examination to follow up each individual and find out what his or her antecedents are.

This is on page 60 of the hearing, Mr. Wright still testifying.

Mr. KING. Mr. Chairman, will the gentleman yield there?

Mr. COLLINS. I do.

Mr. KING. I am very much interested in that phase of the gentleman's speech. I was just wondering if the younger son of General Wood, who has recently gone to Paris and who previously made several million dollars on the stock exchange,

and who last week entered the races in France, will have a chance to enter the foreign service? I wonder if he would be considered as a capable man to represent us abroad?

Mr. ROGERS of Massachusetts. I want to ask the gentleman if he is not confusing antecedents and ancestors? Of course those are entirely different.

Mr. COLLINS. Perhaps the gentleman remembers the full statement made by Mr. Wright.

Mr. ROGERS of Massachusetts. "Antecedents" goes no further than any prudent employer would require.

Mr. COLLINS. These words are synonymous used in this way, but I think the gentleman understands what Mr. Wright means.

Mr. ROGERS of Massachusetts. I do.

Mr. COLLINS. Now, gentlemen, this bill increases the salaries of these young men in the Diplomatic Service to an extent very much larger than those employed in any of the other departments of this Government. These salaries are greater than those paid some of the best men occupying exalted positions in Washington.

The sponsors of the bill say we want interchangeability between the Consular Service and the Diplomatic Service, and that is their excuse for these salary increases.

This right of interchangeability exists now. But imagine placing a consul in a diplomatic clerkship! He is unfitted for such a place, and hence there will be no such transfers. And it is hinted throughout the hearings by Mr. Gibson and others that transfers would be very unwise. If we do have any, they will be few and of little consequence.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. WAINWRIGHT. I would like to ask the gentleman if he has personally visited many of our consulates to see the caliber and class of young men who are serving in them?

Mr. COLLINS. Yes. I have visited a great many of them. I have nothing to say about the gentlemen in these consulates. If this bill dealt entirely with consuls and consuls general, I perhaps would favor the provisions for increased salaries. But this bill is not in the interest of consuls and consuls general. It is in the interest of clerks or secretaries in the embassies. That is all there is to it.

Mr. TABER. Does the gentleman mean by "clerks" the secretaries to embassies?

Mr. COLLINS. Yes; clerks, counselors, and so on.

Mr. TABER. The men next to the chargé and ambassador?

Mr. COLLINS. That is the counselor.

Mr. TABER. And the secretary of the embassy is next in charge.

Mr. COLLINS. The secretary comes next to the counselor.

The CHAIRMAN. The time indicated by the gentleman has expired.

Mr. COLLINS. I yield myself five more minutes.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. WAINWRIGHT. Does the gentleman mean to say that it is possible to-day, under the present regulations of law, for these young men in the Consular Service, where there are very splendid young persons of education, ability, and force—that it is possible for them to be appointed to diplomatic positions such as secretaries of legations?

Mr. COLLINS. It is the testimony of witnesses appearing before the committee. Officials of the State Department testify that this bill gives the Secretary of State no powers that he does not now possess. See Mr. Gibson's testimony on page 22 of the hearings. Also on page 101. He and others who testified should know. Anyway, I am assuming that they do.

Mr. WAINWRIGHT. My understanding is that the main purpose of this bill is to tone up the Diplomatic Service

Mr. COLLINS. It is "to tone it up" by toning up their pocketbooks at the expense of the American people, and that is the only way the service is toned up.

It is testified by everyone that came before the committee that the Consular Service and likewise the Diplomatic Service of our country is the best of all of them. Only one witness made an exception, and he testified that England's service was perhaps equal with ours. Now, if our service is the best—and that is the preponderance of the testimony—why is it necessary to change it? And will this bill make it better? I doubt seriously if an increase in the salaries of these gentlemen will improve the service. And that is all this bill does. There is not a feature of the bill, including the retirement feature, but is written in behalf of the man in the service. All questions of doubt are resolved in favor of him, and none in favor of the Government, and all are at Government expense. If we voted ourselves similar benefits it would defeat nine-tenths of us.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. LAGUARDIA. Is it the policy of the Government to pay these young men so that they will be fitted to become diplomatic officers? And if so, is it not necessary to give them decent salaries?

Mr. COLLINS. Yes; but there are thousands of clerks in this city that do infinitely more work than do the clerks of missions that do not receive one-third the salary these men will receive; and the mere fact that they happen to be stationed in a foreign country where we can not see them is no reason why we should prefer them over those that we do see every day.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. KING. I was much impressed by the statement of the gentleman from Massachusetts [Mr. ROGERS], where he said this was the first bill that ever came before the Congress that will give a meritorious young man a chance to get into the foreign service. Will you explain how that is made possible under this bill?

Mr. COLLINS. There is not a syllable in this bill that will change the present method of selecting consuls and secretaries in embassies and legations.

Mr. CELLER. Is there not a provision made for a basic or starting salary of $3,000 instead of $2,000, and is not that an inducement for a man in more humble circumstances to enter the service?

Mr. COLLINS. Well, if you believe the way to tone up the foreign service of this Government is to more than double the pay of some in it and otherwise raise the pay of all of them, then it will be your duty to vote for this bill, because that is what it does.

Mr. CELLER. In addition to a feature not adverted is there not the additional feature of retirement under which a man who has been in the service many years can realize that when he gets old and gray in the service he will be able to retire on a pension?

Mr. COLLINS. As a Member of Congress I would like to be able to retire on a pension, but I will not vote for one for Members of Congress.

Mr. CELLER. I think we ought to be able to retire on a pension if we are here long enough.

Mr. COLLINS. I am not in favor of giving a clerk in an embassy $1,500 more in salary than a United States Senator or a Member of this House and in addition giving him a retirement allowance of $5,400, and a representation allowance, too.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. ROGERS of Massachusetts. The increase of salary is 21 per cent and not 100 per cent, as the gentleman stated.

Mr. COLLINS. Mr. Chairman, I yield myself one minute more in order to answer that statement. The maximum salary paid clerks in the Diplomatic Service is $4,000 per annum. This bill fixes the maximum at $9,000 per year. This is more than 100 per cent increase. The increases in bulk, according to Secretary Hughes, in salaries alone, are $495,000.

Mr. ROGERS of Massachusetts. That was last year's testimony and has been corrected.

Mr. COLLINS. No; it is in this year's testimony. If the gentleman will turn to page 15 he will find this statement made by Secretary Hughes:

> Under the proposed combined service the 641 officers will receive a total of $2,807,100, which, you will see, is about $495,000 increase.

This testimony was given January 14, 1924.

Mr. ROGERS of Massachusetts. But the gentleman has not checked off the post allowance to which I called attention in my remarks.

Mr. COLLINS. But the post allowance will be more. Representation allowance includes post allowance and the representation allowance is a larger and broader term, and hence appropriations will be increased to take care of this added expense. [Applause.]

Mr. LINTHICUM. Will not the gentleman yield himself one minute in order that I may ask him a question?

Mr. COLLINS. Mr. Chairman, I yield myself one more minute.

Mr. LINTHICUM. I notice on page 5 of the report that the Diplomatic Service receives $2,360,000 plus and the Consular Service $4,978,000 plus, making a total of $7,360,000. Now, the total increase under this bill is $345,000.

Mr. COLLINS. I do not admit that.

Mr. LINTHICUM. The gentleman may not admit it, but that is a fact. Now, then, if you will take 5 per cent of the $7,300,000 you will get just about $345,000, so that the salary increase at the utmost is not more than 5 per cent.

Mr. COLLINS. Well, Secretary Hughes, in the statement I have just read, says the salary increase is $485,000. Mr. ROGERS has just admitted the increase is 21 per cent. I contend that it will be infinitely greater than this.

Mr. LINTHICUM. But from that you take $190,000 for post allowance.

Mr. COLLINS. No; only $150,000 is now appropriated for the post allowance, and this bill provides for a representation allowance, which is a broader term and covers more subjects than post allowance. Post allowance covers only a difference in exchange rates.

Mr. LINTHICUM. They have always had that.

Mr. COLLINS. No; it was started during the last war.

Mr. PORTER. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. MOORE.]

The CHAIRMAN. The gentleman from Virginia is recognized for 10 minutes.

Mr. MOORE of Virginia. Mr. Chairman and gentlemen of the committee: I do not expect to take 10 minutes in discussing this matter. I discussed it quite in detail in February of last year, when the bill was then under consideration; and it is necessary for me to attend a meeting of a special committee very soon, which will prevent me from remaining here.

But there are just two or three observations I would like to make. The whole purpose of the bill is, somebody has said, to tone up our foreign service, but I prefer to say it is to strengthen and invigorate our foreign service. That is the only purpose which existed in the mind of the committee which reported the bill and that is the only purpose which can exist in the minds of any of the advocates of the measure so far as I know.

This country is in many ways dependent, as we all know, upon a proper representation of our Government abroad, and we should desire to make that representation as satisfactory as possible.

There were elaborate hearings, as gentlemen have said, before the Committee on Foreign Affairs, and there was no contest among those who appeared as to the propriety of doing what we have in view as proper to be done. On the contrary, as has been said, men of great distinction, and men of less distinction who have more practical knowledge, came before the committee and urged that the bill be favorably reported. I wish to quote an utterance, a very striking utterance, made by one of the outstanding men of the country, for whom I have personally the highest admiration and respect; a man who has always served successfully in the positions which he has occupied and who will serve successfully in any positions to which he may possibly hereafter be called. I refer to Mr. John W. Davis.

Mr. Davis appeared before the committee, not to accomplish any selfish end, but to give the committee the benefit of the experience which he acquired while ambassador in London in contact with consular and diplomatic officials. Not to quote him at length, I confine myself to one specific utterance of his relative to the foreign service. He said:

> Speaking generally, of course, the diplomatic branch of that service is the first line in the country's defense, and the Consular Service is the spearhead of the country's trade.

The design of the measure is to make the Consular Service and the Diplomatic Service as effective as is possible. There are many things of importance we are called on to deal with, but is not that a matter of major importance in view of our widening relations with other nations and in view of the fact that so much of our future prosperity and happiness depends upon maintaining the right sort of relations with other nations?

So far as the expense is concerned—and the expense seems to be the thing which is troubling some Members—the bill increases the total salaries to the extent of $345,500 annually. Further, it provides an initial payment of $50,000; the Government is to contribute nothing more to the retirement fund for 20 years, and at the end of 20 years may make a contribution of $48,000. Even so far off as 1965 the total expense to the Government on account of retirement payments will be only $260,000. And bear this in mind, that as shown by the record of the past—and we can predicate upon that a prophecy for the future—with the extension of our foreign business the fees that will accrue to our officials located in foreign countries will increase, so that in all human probability in the near future it will be found that the entire service will be as self-sustaining as the Post Office Department.

Mr. CELLER. Will the gentleman yield at that point?

Mr. MOORE of Virginia. I will, yes.

Mr. CELLER. I recall a statement of the gentleman wherein he expressed some hesitancy about this bill because of its retirement feature. I presume you have now cleared up your doubts on that score and I would like to ask where these figures come from. Were there any actuaries figuring out the retirement provisions with reference to the contribution to be made by the Government?

Mr. MOORE of Virginia. Yes; Government actuaries worked upon the matter and the committee had the benefit of their statements. I do say, frankly, to my friend, that I had doubts about making the retirement payments as large as they are, but I have waived those doubts for several reasons, and one reason, as I stated a moment ago, is that I think the entire liability on that account is going to be taken care of by the fees collected by our officials who serve in diplomatic and consular offices.

Mr. CELLER. Were the consular agents and the diplomatic officers consulted with reference to the 5 per cent contribution? That is a very large contribution.

Mr. MOORE of Virginia. They were not consulted but the fact is that so far as I know, and I get my knowledge very largely from publications in which they are interested, this bill has their approval, notwithstanding the fact that the 5 per cent payment exacted of them is 2½ per cent in excess of the payment made by the Lehlbach law.

Mr. PORTER. If the gentleman will yield, may I say for the information of the House that this bill has the unanimous approval of all the men in the foreign service.

Mr. MOORE of Virginia. A great majority of this House the other day—I did not happen to be included in the majority—said, "We wish not only to relieve suffering, but to put ourselves on a better footing with one particular foreign nation by making a gift of money to the people of that nation."

The House voted $10,000,000 for use in Germany. It will take a long, long time, it will be a long road to travel, before the increases that are provided by this measure will ever total that amount.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. CONNALLY of Texas. I yield five minutes more to the gentleman from Virginia.

Mr. WAINWRIGHT. Will the gentleman give way for one question?

Mr. MOORE of Virginia. Certainly.

Mr. WAINWRIGHT. Is it not the real purpose of this bill to start the men at a somewhat higher salary and give them a somewhat higher salary throughout their career, so as to attract to this unified service a grade of men who will probably be better fitted for the two functions of consular officer and diplomatic officer?

Mr. MOORE of Virginia. That is true. Mr. Davis in his testimony says that young men continually came to him at his office in London and asked whether they should remain in the foreign service, and he always inquired as to their pecuniary condition. We want to cut out the necessity of that by paying men fair salaries and fairly assisting them after they are compelled to retire.

Just one further suggestion. Everybody knows that our principal competitor among the foreign nations is Great Britain. Everybody knows how at this time we are endeavoring to build up and maintain a merchant marine that can successfully compete with Great Britain. This bill in dealing with the Diplomatic and Consular Service will merely approximate what Great Britain has found necessary in order to carry on her business with other nations. If this bill is passed, still the Americans will receive lower salaries than the Englishmen who serve their country in other countries. If this bill is passed the retirement provisions will be less liberal than those that are made for the Englishman. The Englishman who enters the foreign service receives a larger retirement allowance and is not required to make any contribution to it; and the law of England does one thing that is not contemplated here, namely, it makes special provision for the men of that nation who serve in countries where climatic conditions injuriously affect their health so that they are compelled to forego any active work.

Mr. BLANTON. Will the gentleman yield?

Mr. MOORE of Virginia. Of course, to my distinguished friend.

Mr. BLANTON. The distinguished gentleman from Illinois, Mr. Cannon, served the country faithfully in this House on this floor for 44 years.

Mr. MOORE of Virginia. Yes.

Mr. BLANTON. And he is now at home, making his own living, without a single dollar contributed by the Government toward his support. Why are these people entitled to more consideration than Uncle Joe Cannon?

Mr. MOORE of Virginia. And the men who are on the retired list of the Army and Navy are given allowances which our eminent friend, Mr. Cannon, does not enjoy, and in order that this Government may function properly; that it may not break down; that we may hold up the institutions which our fathers have created, the law has established retirement allowances for the civil employees of the Government.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. MOORE of Virginia. I will.

Mr. SHALLENBERGER. Has the gentleman made any estimate of the cost of its representation allowance, or the probable cost of that per year?

Mr. MOORE of Virginia. I will say to my friend that post allowances are made now, but are not proposed by the bill. The bill carries a general provision for representation allowances.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. CONNALLY of Texas. I yield the gentleman one more minute.

Mr. MOORE of Virginia. I think, Mr. Chairman, that this bill, which has been considered more carefully than any bill that has come before the Committee on Foreign Affairs during my membership on that committee, is altogether in the right direction, and I trust that so far as its main object is concerned, at least, it will receive the approval and the support of the House. [Applause.]

Mr. PORTER. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman, I am very much in favor of this bill. I believe it is the greatest step we have made in our Diplomatic and Consular Service in many years.

I feel that the very fact that we are consolidating the Diplomatic and Consular Service into one class will do more to democratize this service than any other one thing will do. It provides that the men shall be appointed to a class and not to any particular position. It provides that they can be changed from one post to another, that a man who has shown great aptness and ability as a consul may on recommendation by the department as fitted for a minister be so appointed. It provides that men may be transferred from the Diplomatic Service to the Consular Service and vice versa; in other words, it puts this entire foreign service in one class, to be known as "the foreign service" of the United States.

We all know just what the Diplomatic Service has been and what the Consular Service has been. It is no secret that there has been no commingling of interests. We know that members of the Diplomatic Service are invited to functions to which a man in the Consular Service could never hope to aspire in a lifetime. But under this bill the man who is a consul to-day may become a minister to-morrow. Under this bill a man who is secretary in the Diplomatic Service may be in the Consular Service to-morrow, and so these offices are interchangeable from the diplomatic to the consular and from the consular to the diplomatic and the whole service is democratized, and for that reason is more accessible to the people.

I heard the speech of the gentleman from Mississippi in which he said there was a great increase in salary. I find by looking at the report that the total cost of the Consular Service and Diplomatic Service amount to $7,300,000. And the total increase, after you deduct $150,000 now appropriated for host allowances, amounts to $345,000. In other words, just about 5 per cent increase in expense to the Government.

Now, I am sure that every member of this committee is very anxious that we should have the very best foreign service of any nation in the world. I am sure that you would like to equal the salaries of our greatest competitor, Great Britain, if it were possible to do so. And yet all down the line we find Great Britain is giving far more to her consuls and to her diplomats than we are giving, in many instances twice as much. The consequence is that she is forging ahead with her great world commerce.

Mr. TEMPLE. Will the gentleman yield?

Mr. LINTHICUM. I yield.

Mr. TEMPLE. If I understood the gentleman correctly, he inadvertently overstated the salary. In the report on page 5 the total salaries of the Diplomatic and Consular Service amounts to $2,807,105.

Mr. LINTHICUM. I was talking about the total expenses, and I take it from page 5 of the report.

Mr. TEMPLE. The total expenses and not the salaries?

Mr. LINTHICUM. Yes.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LINTHICUM. I will.

Mr. BANKHEAD. I have been very much interested in the merchant marine. It has developed before the Merchant Marine Committee and also the special committee of which I am a member that the matter of developing the foreign trade very largely depends upon an efficient commercial or consular agent in the foreign markets. Does the gentleman think the development of the foreign service will have a tendency to increase commercial enterprises abroad?

Mr. LINTHICUM. I believe the adoption of this bill will establish our foreign relations upon a different basis and give us a greater and more efficient and more enduring service abroad which must benefit our foreign trade.

What I mean by more enduring is this: We have provided for retirement, and by doing so a man can enter the foreign service and he knows that that is his life's work if he so desires. He can have it until he is 65 years of age, and if he has performed 15 years' service he can retire with a substantial allowance. So I believe that while young men now enter the service and continue therein a certain time and then have to do what many Members of Congress are compelled to do, leave the service and go back home in order to provide for a competency, with this retirement feature they know that in the years to come they will have a retirement competency upon which to live. For this reason they will continue in the service and make it a life work, a more enduring work.

The gentleman from Texas has just mentioned our good friend Uncle Joe Cannon. There is no one in the House who would not like to see him receive a retirement sum if it did not involve retirement features for all Members of Congress. But I heard on the floor of this House when the gentleman from Texas was talking against an increase of salary which might have helped him—I heard Uncle Joe get up and say that he was opposed to increasing the salaries because he thought it was unwise.

Mr. BLANTON. Will the gentleman yield?

Mr. LINTHICUM. I will.

Mr. BLANTON. The gentleman is mistaken about the increase. If he will look at page 5, the increase in this bill is $241,500 for salaries for the Consular Service increase, and $254,000 in the Diplomatic, making a total of $495,500, but they say if we abolish the post allowance that will take off $150,000. If they abolish the post allowance they are authorizing the Appropriations Committee to make a representation allowance with the blue sky as the limit.

Mr. LINTHICUM. Oh, I think the Congress can take care of any blue sky limit on the question of the representation allowance. The intention of this bill is to discontinue the $150,000 post allowance, and thereby reduce it to about $345,000 additional expense. I was speaking a moment ago about the salaries paid by Great Britain, and she is no more able to pay competent salaries than is the United States. Certainly we owe a competency to our men in the foreign service. Take the matter of ambassadors and ministers. The ambassador of the British to Portugal receives $19,466 a year, while the United States representative receives only $10,000. The British ambassador to Uruguay is paid $20,439 as salary and the one from the United States is paid $10,000.

Mr. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield for a comment there?

Mr. LINTHICUM. Yes.

Mr. ROGERS of Massachusetts. The British foreign service costs between eight and nine million dollars per year, whereas at the present time ours is operating at a profit.

Mr. LINTHICUM. The gentleman from Massachusetts is quite right; besides I think the foreign service is worth every dollar that you spend upon it. It is the great market-producing service of any country.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LINTHICUM. In a moment. Our farmers are suffering to-day. Why? Because we have not sufficient foreign markets. I believe that if we encourage this foreign service, give them efficient men and sufficient salaries on which to live, give them retirement which guarantees a competency when they are too old to work, that these men will go out and get the trade for the United States, and the trade in our foreign markets will rapidly increase I yield to the gentleman.

Mr. BLANTON. The gentleman spoke of Great Britain paying $20,000 to a representative in Uruguay.

Mr. LINTHICUM. Yes.

Mr. BLANTON. Possibly that is why she asked for sixty-odd years in which to pay her debt to the United States, and if she would pay a little more attention to what she pays out in expenses, she would not have to ask for so much time.

Mr. LINTHICUM. That is a question, and carries an insinuation, that any gentleman might ask, but there is no basis for it, of course. Great Britain has sixty-odd years in which to pay this enormous sum of $4,000,000,000. Possibly she did that because she did not want to discontinue any of her great activities, and it is true that many countries during the war, with the tremendous expense that they were under, never neglected those things upon which the nation depended for its trade and commerce.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. LINTHICUM. Yes.

Mr. SHALLENBERGER. In addition to the salaries paid, does Great Britain allow to her ambassadors and representatives a representation allowance?

Mr. LINTHICUM. Oh, yes; every country practically does that, and Great Britain allows more as a retirement fund than we do under this bill.

Mr. SHALLENBERGER. Does she allow enough to pay the entire expenses so that a representative does not have to go into his own pocket as ours do?

Mr. LINTHICUM. I think that is a matter which depends very much on the particular individual.

Mr. SHALLENBERGER. Is it the idea of this proposed law that the Government will pay the necessary expenses of our representatives in foreign countries hereafter?

Mr. LINTHICUM. It is the intention to pay the necessary expenses, but the amount of money that a man spends depends very largely on himself. Take the case of a Member of Congress. Some men entertain and some men do not, and their expenses necessarily vary.

Mr. SHALLENBERGER. In the statement of Mr. Davis in your report, I read that he said that his necessary expenses were something like $50,000 when he represented us in London. Is it the idea that under this bill such expenses would be paid?

Mr. LINTHICUM. Oh, no; those expenses must be within reason and subject to congressional appropriations. The ambassador gets $17,500 under this bill just the same as he does now, but of course no man can represent the United States at the Court of St. James as he should upon the salary which the United States pays him. If he did, it would be extremely poor service.

Mr. SHALLENBERGER. Is it contemplated under this bill, with this authority, that the Government will take care of those expenses?.

Mr. LINTHICUM. The Government will take care of some of them, but it would not take care of all of them.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. SHALLENBERGER. Yes.

Mr. CONNALLY of Texas. If the gentleman will permit, representation allowances are authorized under the bill so that it would depend somewhat upon the Committee on Appropriations. That committee could appropriate any amount that it saw fit.

Mr. LINTHICUM. Of course the committee could, but Congress does not divest itself of the right to appropriate or refuse appropriations.

Mr. CONNALLY of Texas. I suggest that, because the gentleman from Nebraska asks the question, and I thought he should receive the information.

Mr. LINTHICUM. Congress can do it now, if it feels so disposed.

Mr. CONNALLY of Texas. Oh, no; there is no authorization for it.

Mr. SHALLENBERGER. It seems to me that that is a matter which very much needs to be corrected, so that our representatives may be reimbursed for the necessary expenses they have to incur. I hope that under this bill that will be the fact.

Mr. LINTHICUM. Under this bill Congress can appropriate the money to meet the necessary expenses.

Mr. McSWAIN. In other words, it is the idea of this bill to make it possible for a poor man, if he has the brains and character, to go over there and represent the Nation.

Mr. LINTHICUM. Absolutely, and if he is in the Consular Service the idea is that he can be promoted to the position of minister. Now, as to the retirement, I do not believe the retirement feature is really going to cost this country anything, because, as the gentleman from Virginia [Mr. MOORE] said, after the first appropriation of $50,000 made in the bill, then there will be no further necessity for appropriation for 20 years, and then probably about $48,000. I believe that the increased business that the Consular Service will bring will more than take case of its total expense, including the retirement fund.

It almost does it now. It takes care, within $400,000, of all the expenses of the service, and, I think, with all the traveling public and with the increase of business the service will develop to a sufficient extent to take care of all the expenses, including the retirement feature, before it becomes a charge upon the Government.

When we realize the importance of our foreign service not only in our relations with other nations in diplomatic matters but also the importance of our trade relations through which we can build up a large foreign trade, thereby helping to dispose of the products of our farms and factories, it is difficult to realize how little interest is taken in the subject in comparison with those matters nearer home.

We have recently established a very satisfactory retirement system for our civil employees in this country, and yet there is great opposition when we attempt to establish such a system for those of the foreign service, who are separated from their homes in America, sent to foreign fields and shifted from place to place, thereby preventing them from either establishing a permanent home or making those necessary savings for old age.

I feel that if we can establish our foreign service on a basis of satisfactory salaries, with representation allowance where deemed advisable, and then afford them retirement with a competent fund, we will not only draw good men into the service, realizing it would be a life work in the interest of the Government, but we will also build up such a system as will not alone reflect great credit upon our country but at the same time great markets for our products.

I have shown that the increase in salaries is extremely small, and I hope I have demonstrated that the service itself within the next few years will provide all the funds necessary not alone for the present service but for all additional expenses incurred under this bill. We have charged the salaries of members of the foreign service 5 per cent, to be paid into the retirement and disability fund for annuities, refunds, and allowances. At such a high rate of payment this fund will rapidly increase and after the appropriation of $50,000 authorized in this bill, will not likely cost the Government anything for the next 20 years.

This has been figured out by expert accountants, and I append their statement, giving full particulars of the cost to the employees of the foreign service and the eventual cost to the National Government:

FOREIGN-SERVICE RETIREMENT SYSTEM

Statement showing estimated annuities payable to foreign-service officers under the proposed retirement system prior to the year 1945 which will be paid solely from the contributions, with interest thereon, of such officers

Fiscal year ending June 30—	Annuities payable during year	Available retirement fund from contributions with interest compounded at 4 per cent	Balance after payment of annuities	Necessary appropriation
1925	$61,176.41	$143,719.85	$82,543.44	$50,000.00
1926	71,791.67	229,405.80	157,614.13	
1927	80,866.60	307,343.20	226,476.60	
1928	86,633.43	378,873.36	292,219.93	
1929	93,260.35	446,654.93	353,394.58	
1930	97,131.26	510,257.20	413,125.94	
1931	101,759.00	572,762.10	471,003.10	
1932	111,163.40	632,812.27	521,648.87	
1933	116,355.09	685,406.97	569,051.88	
1934	129,925.29	734,502.58	604,577.28	
1935	141,951.55	771,268.00	629,316.95	
1936	149,410.66	796,989.63	647,578.97	
1937	164,715.13	815,902.13	651,267.00	
1938	179,978.65	819,817.68	639,839.13	
1939	199,987.14	807,932.70	607,945.56	
1940	212,814.00	774,763.38	561,949.38	
1941	232,009.55	726,927.36	494,827.81	
1942	248,431.01	657,120.92	408,689.91	
1943	265,266.43	567,537.51	302,271.08	
1944	308,209.60	456,861.92	148,652.32	
1945	346,050.10	297,098.00		48,951.69

The salary increase will amount to about 14 per cent over the present salaries paid, but this will give to the service a stability the value of which can not possibly be estimated. "At the present time the salaries are so low that men finding it impossible

to exist under present conditions and being fully equipped through their service with the Government are compelled by reason of their financial condition to enter the employ of private individuals and corporations, thereby depriving the Government of those very men who were educated in the service and who have become so valuable.

Individuals and corporations may continue to outbid the Government on a question of salaries, but, through the retirement system, the increase of salary, the advantages of educational and social features of the foreign service, I believe we will be able to hold our men and that they will feel satisfied to make this their life work, thereby affording the Government men of exceptional training, ability, and experience.

It is not my desire to increase salaries except where it is found necessary and where other governments have found it to their advantage to pay a salary adequate to the service rendered. I have said that we should like to treat our men as well as our greatest competitor, Great Britain, but we are not compelled fully to do that at this time. While we have under this bill increased salaries, we have not yet by great odds provided as much as Great Britain. For the benefit of comparison I have appended the following statement:

Comparative statement showing salaries of ambassadors and ministers at important posts

	Great Britain	United States
Cuba	$19,012	[1] $12,000
Czechoslovakia	19,466	10,000
Denmark	21,899	10,000
Egypt	[1] 58,398	7,500
Esthonia, Latvia, and Lithuania	18,006	10,000
Finland	18,735	10,000
France	[1] 80,297	17,500
Germany	[1] 38,932	17,500
Great Britain		17,500
Greece	19,466	10,000
Italy	[1] 38,932	17,500
Japan	[1] 29,199	[1] 17,500
Mexico	14,599	[1] 17,500
Netherlands	[1] 24,332	12,000
Norway	21,899	10,000
Panama	15,572	[1] 10,000
Persia	24,332	10,000
Peru	18,102	17,500
Poland	27,252	12,000
Portugal	19,466	10,000
Rumania	19,466	10,000
Serbs, Croats, and Slovenes	18,979	10,000
Siam	14,599	[1] 10,000
Spain	[1] 29,199	17,500
Sweden	21,899	10,000
Switzerland	[1] 18,248	10,000
Turkey	[1] 42,581	[1] 17,500
United States	[1] 97,330	
Uruguay	20,439	10,000
Venezuela	14,599	10,000

[1] Residences owned by Government and supplied in addition to salary.

This comparison does not alone apply to the Diplomatic Service, but likewise to the Consular Service of the two countries, and for that reason I append statement showing salaries paid by these two great nations to their principal consular officers, to wit:

Comparative statement showing salaries of principal consular officers at important posts

	Great Britain	United States
Argentina:		
Buenos Aires	$11,922	$8,000
Rosario	7,907	3,500
Austria, Vienna	6,325	3,500
Belgium, Antwerp	9,246	4,500
Brazil:		
Bahia	8,394	4,000
Para	9,124	5,000
Rio de Janeiro	12,166	8,000
Chile, Valparaiso	11,679	5,500
Denmark, Copenhagen	6,569	5,500
Ecuador, Guayaquil	6,812	5,500
France:		
Bordeaux	6,447	4,500
Havre	6,569	5,500
Lille	6,325	4,000
Lyon	6,569	5,000
Marseille	9,246	5,000
Paris	9,246	12,000
Germany:		
Berlin	9,002	6,000
Cologne	9,002	4,500
Hamburg	8,759	4,000
Munich	6,325	2,500
Great Britain, London		12,000

Comparative statement showing salaries of principal consular officers at important posts—Continued

	Great Britain	United States
Greece, Athens	$6,325	$5,500
Italy:		
Genoa	9,246	5,500
Milan	9,246	5,000
Naples	9,246	5,000
Palermo	6,447	4,000
Mexico, Mexico City	8,273	[1] 5,000
Netherlands:		
Amsterdam	6,325	5,000
Rotterdam	9,246	8,000
Norway:		
Christiania	6,569	5,500
Bergen	6,325	4,500
Paraguay, Asuncion	6,813	4,000
Poland, Warsaw	6,447	6,000
Portugal:		
Lisbon	6,325	4,500
Loureneo Marques	8,515	3,500
Rumania, Bucharest	6,447	5,000
Russia:		
Moscow	9,246	[1] 5,500
Petrograd	7,664	[1] 3,500
Spain:		
Barcelona	9,246	5,500
Madrid	6,447	2,500
Sweden:		
Goteborg	9,246	3,000
Stockholm	6,447	8,000
Switzerland:		
Geneva	6,326	3,500
Zurich	9,246	8,000
Turkey:		
Constantinople	8,759	8,000
Beirut	8,759	4,000
Smyrna	8,759	5,500
United States, New York	26,035	

[1] Office now closed.

I look upon this bill as a great step in advance for another reason: It has heretofore been almost as difficult for a young man to enter the Diplomatic Service and continue therein without having private means of his own or private means accessible as it is for the scriptural "camel to go through the eye of a needle," owing to the expense and the low salaries. The State Department has been compelled to so inform applicants who wish to enter the service. The Consular Service has had to refuse applicants who were married, because the salary of deputies and clerks was not sufficient to maintain them. A deplorable situation for a country like the United States to say the least.

The increase provided in the bill with the representation allowance will enable men of brain and ability who are without private means to represent the United States as well as those men who have private means. [Applause.] Furthermore, the progressive action taken by Congress in the provision of legation and consular buildings in the various countries provides a home and offices for the representatives of the United States, which is another great adjunct to the service. [Applause.]

When I came to the Sixty-second Congress, which convened in 1911, I, together with other gentlemen, constantly advocated the purchase of embassies, legations, and consular buildings in the various countries of the world. I am pleased to say that we have received much support and attained great success in the movement. The United States at that time owned but two embassies, that in Constantinople, Turkey, and Tokyo, Japan. It owned several legations and two consulates. It now owns many embassies, legations, and consulates, as shown by the following table:

Embassy, legation, and consular buildings owned by the Government

Embassies	Legations	Consular
London, England.[1]	Pekin, China.	Shanghai, China.[1]
Santiago, Chile.[1]	San Jose, Costa Rica.[1]	Seoul, Chosen.
Constantinople, Turkey.	Habana, Cuba.[1]	Tahiti, Amoy.
Tokyo, Japan.[2]	Panama.[1]	Yokohama, Japan.[2]
Paris, France.[1]	San Salvador, Salvador.[1]	
Rio de Janerio, Brazil.[1]	Bangkok, Siam.	
Mexico City.[1]	Tangier, Morocco.	
	Christiania, Norway.	

[1] Building purchased since the beginning of the Sixty-second Congress.
[2] The Embassy building in Tokyo, and consulate building in Yokohama were destroyed by the recent earthquake, and an appropriation for rebuilding is being requested.

The CHAIRMAN. The time of the gentleman from Maryland has expired.

Mr. PORTER. Mr. Chairman, will the gentleman from Texas [Mr. CONNALLY] use some of his time?

The CHAIRMAN. The gentleman has 20 minutes.

Mr. CONNALLY of Texas. Mr. Chairman, I yield to the gentleman from Texas [Mr. BLANTON] five minutes.

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. BLANTON. Mr. Chairman, no man on earth could discuss this bill in five minutes. The committee admits that in salaries alone this bill is giving an increase of $495,500. It admits that in the report. But they say they are taking off some post allowances, and they say they are merely authorizing Congress to grant a representation allowance. I want to ask the distinguished gentleman from Massachusetts [Mr. ROGERS] how could the 400 Members of Congress, if they wanted to, stop the representation allowances after the Committee on Appropriations had brought it in here in a bill? Gentlemen, just try it some time. Just one of you new Members try it; try to change an appropriation bill that has been framed across the hall yonder and brought in here by that committee. You can not do it.

Here we have about 40 Members present on this House floor now. In considering a $24,000,000 bill yesterday we had at one time only 16 Members on the floor. You let one of us get up here and offer an amendment to strike the representation allowance out of the bill brought in by the Committee on Appropriations, and you will see the chairman in charge send in to the cloakroom after the rest of the 35 members of that Committee on Appropriations, and they stand together like the rock of Gibraltar, fighting for their bill, and they will not let you change it at all. They will not let you strike out one word of it. Try it some time. I have tried it. The only way you can strike any of it out is by a point of order when it is unauthorized legislation. Then you talk about Congress allowing it. Congress will allow just exactly what the Committee on Appropriations puts in that bill.

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LINTHICUM. Did we not at the last session increase the Army appropriation bill over $20,000,000 for rivers and harbors?

Mr. BLANTON. Yes; but that was when you formed a combine on the committee, and the committee made rather a straw fight on it then. Only a few of us really fought against it. It was a good deal like other fights I have seen here on the floor—straw fights.

I know where the main increases in appropriations are made—in the other body. We never send one appropriation bill away from here but what it comes back with several million dollars added to it. That is where the big increases are made. But as to this bill, no man here and no man on the committee can tell what extra it will cost this Government. As to the annuities, there is a difference of about $500,000 between the idea of the gentleman from Texas [Mr. CONNALLY] and that of the gentleman from Massachusetts [Mr. ROGERS], one claiming one figure and one claiming another. And who knows how much the Committee on Appropriations is going to allow on the representation allowance? Nobody knows.

I am amused every time a Member of Congress gets up here, week after week, and talks for the farmer, for the agriculturist, saying that we must do something for them. We have not done a thing worth while for them this year. As to that petition which the gentleman from Pennsylvania [Mr. DARROW] put into this RECORD, that petition coming from 350,000 farmers, demanding that we stop raising salaries, demanding that we stop increasing appropriations, demanding that we cut down the expenses of the Government, there has not been a bill passed here that complied with the demands of those farmers. I want to say to those farmers right here—because you can not reach them through the newspapers—that in every bill that has been passed on this floor in this Congress so far this Congress has turned down their demands. It has raised salaries, added new employees, and increased expenses in every bill that we have passed up to this time, and it seems we are going to continue to raise salaries on every bill that comes up, because we can not get enough men to vote it down. But this bill ought to be defeated.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BLANTON. Will the gentleman yield me two minutes more?

Mr. CONNALLY of Texas. I yield the gentleman two minutes more.

The CHAIRMAN. The gentleman is recognized for two minutes more.

Mr. BROWNE of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. BROWNE of Wisconsin. Why do you not introduce a bill for the benefit of the farmers? You say so many have been introduced. Why do you not introduce one yourself?

Mr. BLANTON. There is not a single day that passes but finds me in my seat here and on the floor fighting for these farmers' petition to reduce expenses.

Mr. BROWNE of Wisconsin. Why do you not introduce a bill yourself?

Mr. BLANTON. Oh, a bill. They do not ask us to introduce a bill. They do not want a bill. They just ask us for one thing, to cut down expenses, and that is what I have been fighting for; to reduce expenses.

I want to say to the gentleman from Wisconsin that if he wants to help the farmer he can help him by doing just one thing: Cut down his expenses and give him a market. That is all he wants.

Why did not this bill become a law in the last Congress?

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a moment. I want to discuss this bill. It passed this House on the 8th day of February, 1923, in the last Congress. They had from the 8th day of February until the 4th day of March to pass it in the Senate. If it is such a good bill, why did they not pass it? Those Senators over there knew that it was a bill that the people of the United States did not want, and they let it die on the calendar.

Mr. ROGERS of Massachusetts. The gentleman knows why it did not pass. There was a filibuster on the shipping bill.

Mr. BLANTON. The gentleman ought not to interrupt me when I have only a minute. This bill ought to die again on the calendar this time.

Twenty men here could stop the passage of this bill if they would get up and fight it; if just 20 of you would stand up here and fight this bill, you could stop its passage; but you will not do it. You sit down there and let it pass, and it is probably going to pass this evening. But we ought to kill it and stop this everlasting increase of salaries and governmental expenses.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PORTER. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has five minutes remaining.

Mr. PORTER. I yield two minutes to the gentleman from Pennsylvania [Mr. SHREVE].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for two minutes.

Mr. SHREVE. Mr. Chairman and gentlemen of the committee, I am strongly in favor of the passage of this bill. There probably never has been a time in the history of our country when our Diplomatic Service, when our Consular Service, and all the other services we have in foreign countries needed strengthening so much as they do at the present time, for the reason that all the countries of the world doing business everywhere have already begun to reorganize their consular, their diplomatic, and their foreign services. The result is we are in direct competition with all the countries of the world.

We are seeking a market in the old countries of the world for our surplus farm and manufactured products. There was a time when we could get along without those markets; there was a time when we were self-sufficient and when we could consume all we could produce, but that time has passed. The World War has changed conditions entirely in this country. Other nations are now changing their foreign policies, are adopting new systems, are becoming vigilant and active in the countries with which we are doing business, and if we are to continue the commercial supremacy of the United States, to which we are so justly entitled, we certainly must be aggressive.

This department has not been reorganized in the last 100 years. I happen to handle the appropriations for this department, and the thing that amazed me all the way through was the low salaries. The gentleman speaks about the increase; it is a mere bagatelle. When you compare it with the great work that is being done by these departments I am satisfied you will pass the bill and pass it without any hesitation. It is right and it is just; it is the one thing that the United States needs at the present time.

We have never been properly equipped in foreign countries. We are to-day adopting some of their systems, particularly the

system of finding and securing business in foreign countries. Our commercial attachés are going abroad and they are finding business everywhere. [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. CONNALLY of Texas. Mr. Chairman, I yield three minutes to the gentleman from New Hampshire [Mr. ROGERS].

The CHAIRMAN. The gentleman from New Hampshire is recognized for three minutes.

Mr. ROGERS of New Hampshire. Mr. Chairman and members of the committee, I desire to state my approval of this measure for the following reasons: In listening to the witnesses who came before the committee to discuss this proposition I was convinced that there were two facts standing out very clearly as established. In the first place, it is manifest, from any study given to these matters, that a reorganization and a rehabilitation of our foreign service is most desirable if we are to continue our foreign service on the high plane of the past and if we are to maintain an American foreign service which shall be equal to that maintained by any nation in the world. Secondly, Mr. Chairman, I believe there is an even more important reason why this bill should pass. From the very foundation of the American Government we have boasted of the fact that any American citizen, no matter how poor he may be, if he has ability and a desire to make good, is given the opportunity to work his way up and to enter into the ranks of any office within the power of the country to bestow. We have boasted of the fact that any poor man in America, no matter how humble his parentage, may have the opportunity, if he has the ability and the brains, to take his place as the governor of any of our sovereign States, as a Member of our national legislative body, and even become President of the United States. Yet it must be said, to the humiliation of every patriotic American citizen, that under the present law as it exists to-day no poor, honest, humble American citizen, no matter how much ability he may have, and no matter how much he may desire to enter the foreign service of his Government, can be admitted to take his place in the foreign service of this country unless he has independent means. If this bill passes it will no longer be necessary when any young man in America who is about to finish his course in a school or college desires to enter the foreign service of this country and make that his life work and when he submits himself to the State Department to be accepted for the foreign service to inform him that he can not enter into the honorable foreign service of this country unless he has sufficient independent means to enable him to support himself, and to give him an opportunity to go into foreign countries he must have such means, otherwise he can not serve his country in its foreign service. To obviate this disgraceful situation and to make it possible for the young Americans engaged in our foreign diplomatic service to receive a salary on which they can live, I hope this bill may pass. [Applause.]

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. CONNALLY of Texas. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Seventeen minutes, and the other side has three minutes remaining.

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, this bill is one that in some respects meets with my approval, but it contains some features that I think should be eliminated.

I want to take this occasion, however, to take issue with my good friend from New Hampshire [Mr. ROGERS] who has just spoken, when he says that be it to the humiliation of the American people at the present time it is impossible for a man who is poor, no matter how worthy, to enter the foreign service. That is not true, gentlemen. I do not charge that that statement was made willfully, but I do charge that the gentleman is in error.

Mr. ROGERS of New Hampshire. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. ROGERS of New Hampshire. I desire to state my authority and call the attention of the gentleman from Texas to the fact that my remarks were based on the testimony of the Third Assistant Secretary of State, Mr. Wright. If the gentleman will pardon me, I would like to quote his statement. Mr. Wright said that when application is made for service in the foreign service, "We inform them that at present it is necessary for individuals to have some private means."

Mr. CONNALLY of Texas. In the Consular or Diplomatic Service?

Mr. ROGERS of New Hampshire. In the Diplomatic Service.

Mr. CONNALLY of Texas. I grant you that, and I heard him say that.

Mr. ROGERS of New Hampshire. I just wanted the gentleman to understand the source of my information.

Mr. CONNALLY of Texas. I disclaim any intention to say that the gentleman from New Hampshire willfully made a misrepresentation. I heard Mr. Wright make that statement, and while I have a very high regard for Mr. Wright I deny that Mr. Wright is reflecting any credit on himself when he says that as an official of this Government he tells a young man in advance that he can not consider him for a diplomatic secretaryship unless he possesses private means. That is not the law. That is a department-made ukase.

The statement of Mr. Wright does not refer to the Consular Service, and the term "foreign service," as used by the gentleman from New Hampshire, comprehends both the Diplomatic and the Consular Service.

Let me now tell you something about the Diplomatic Service. This bill, so far as the Diplomatic Service is concerned, only deals with the secretaries of embassies. They are a very small part of the foreign service, a very insignificant part, as to numbers, but when it comes to the Consular Service it is full of men to-day who are poor and who have no other means of livelihood except their salaries. I know some of them personally. I know a young man who received a position in the Consular Service some years ago, partly through my instrumentality. He is now attached to the consulate in Paris, and I know that he maintains himself and since entering the service has married, and I hope is in the process of raising a family on the salary of a consul.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. CONNALLY of Texas. I yield.

Mr. CHINDBLOM. Is it not a fact that it is a little easier for men stationed abroad to sustain themselves with the present depreciated currency of 17 francs to the dollar, for instance, so that conditions that exist right now are not a safe indication of ordinary, normal conditions?

Mr. CONNALLY of Texas. I grant you that, but the point I am undertaking to make is that this bill on the whole does not materially help the Consular Service, because already in that service the salaries are very nearly as high, on an average, as they will be under this bill; in fact, in one or two instances this bill reduces the salaries of consuls general. We have in the service now two consuls general at a salary of $12,000, and under this bill the maximum will be $9,000. But that is not what I wanted to advert to.

I would not object to some increase in salaries in the foreign service, but I do object to that feature of the bill which provides the high rates of retirement which it undertakes to provide. Under this bill it would be possible for a secretary of embassy, not a minister, because this bill does not deal with ministers and does not deal with ambassadors, but a secretary of embassy, and all of you have secretaries—it would be possible for a secretary of embassy after 30 years of service to retire at an annual retirement compensation of $5,400. That is too high, gentlemen. Just as surely as we adopt this kind of a provision for the State Department, we shall have every other branch of this Government coming to the doors of Congress and asking for an increase in their retirement pay, and they will find justification in doing so.

This bill provides, in addition, for a representation allowance, and I am opposed to representation allowances. I opposed representation allowances in the Foreign Affairs Committee all during the war. We never had such a thing prior to the war, and it was adopted during the war to supplement the compensation of certain missions in foreign countries where extraordinary conditions existed. I do not believe it is sound public policy, and I do not believe it comports with the best administration to turn over to the State Department a lump sum out of which it will dole allowances to the various missions for entertainment and for living purposes. I believe that whatever salaries our foreign representatives should receive should be fixed by law.

Another feature of this bill to which I object is the provision that after a man has been abroad three years, he is granted a statutory leave. I do not object to that, but the Secretary of State can authorize and direct him during his leave to return to the United States and all of the expenses of the trip coming and going are to be borne by the Federal Government.

I have no objection to the features of this bill, which make the two services interchangeable from one branch to the other. I think the Secretary of State, perhaps, could do that under the existing law, but I do contend that the whole purpose of this bill is not to benefit especially the Consular Service, but is to benefit the secretaries of embassies, and I deny that the

salaries as carried in this bill will be lower than those that obtain in the British service.

If you will turn to the hearings, on page 154 there appears a table which shows the relative salaries of positions in the British and American services.

Mr. Chairman, what I oppose and what I regret to observe is that gentlemen who have spoken on this bill so far seem to believe that the only function of our foreign service is to get trade and get commerce with the United States. That is a legitimate activity, but the trouble with our foreign service now is that it has got a dollar mark written all over it.

Mr. COOPER of Wisconsin. Will the gentleman permit an interruption?

Mr. CONNALLY of Texas. I yield to the gentleman.

Mr. COOPER of Wisconsin. A wrong inference might be drawn from what the gentleman has just said. The gentleman will remember that our diplomatic and consular officers are prohibited from themselves engaging in any private business in a country where they are located, and they are prohibited from investing their savings in securities of any foreign country so that they are confined to their salary absolutely.

Mr. CONNALLY of Texas. I will say to the gentleman from Wisconsin I did not mean to suggest they were engaged in private profit making, but what I meant was that all of our foreign policy seems to be motivated, if I may use that rather mouth-filling term, by the dollar mark. The only object of our foreign policy seems to be to set up some kind of agency in a foreign country to make selling agents of our consuls and our diplomatic officers.

Mr. COOPER of Wisconsin. Will the gentleman yield?

Mr. CONNALLY of Texas. I do not want to be discourteous, but I have only two minutes and I regret I can not yield. To make selling agents and salesmen of our diplomats and of our consular officers. I rather think that the United States in a more simple way, in the way of Benjamin Franklin, in the way of other distinguished representatives of this country abroad in the early days, is not dependent for its standing upon expensive diplomatic entertainment.

We do not need to provide salaries sufficient for every little secretary to hold parties and levees and to entertain abroad; but what we need is a foreign service that is not simply looking out for the dollar but trying to look out for the United States abroad as a country that believes in international good will, international peace, and in those higher international policies that will place America before the world as a great country of liberal ideas and of peace rather than a country that is going forth with a salesman's satchel with dollar marks all over it.

I hope the President of the United States will persevere in his so far rather tame and colorless advocacy of the world court. I hope the President of the United States will make good his proclamation that he proposes to follow up the doctrines of President Harding in that respect, and that instead of lamely and colorlessly, in a whisper, saying to the United States Senate, "You have got the world court before you, and you can do what you please with it," I hope the President of the United States will come forth with a clear and striking and insistent call upon the country and really carry on a campaign in behalf of the world court and by so doing say to all the world that America not only wants international trade, that we not only want the commerce of the world, but that the United States is willing to assume its own place, willing to take up its own obligations at the council table of the world in behalf of peace, in behalf of liberty, in behalf of fair dealing between all countries of the world, as well as going forth with a satchel covered all over by dollar marks. [Applause.] Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. TEMPLE] four minutes.

Mr. PORTER. Mr. Chairman, I yield my remaining time to the gentleman from Pennsylvania [Mr. TEMPLE].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for seven minutes.

Mr. TEMPLE. Mr. Chairman and gentlemen of the committee, this bill is one of very great importance and I think deserves the support of every Member of the House who is interested in the proper conduct of the foreign affairs of this country. I have been astonished for many years, not merely to-day, but every time I have recalled the fact, that we are in the habit of appropriating from year to year over $300,000,000 for the Army and within a measurable distance the same sum for the Navy—six or seven hundred million dollars annually to prepare against war and only $8,000,000 to carry on the foreign affairs of the country in such a way as to prevent war by reaching an amicable agreement on matters which might become irritating if neglected or improperly handled.

This is a bill of four fundamental propositions. The first is for the adoption of salaries which will be uniform for the relative grades in the two services, the Diplomatic and Consular, and it combines the two services, so far as the legal standard is concerned, by creating the one foreign service. The amalgamation is such that an officer may be transferred from one service to the other, from the Consular Service to the Diplomatic Service, and from the Diplomatic Service to the Consular Service. The present salaries of the Consular Service, with the exception of two posts at $12,000, run from $2,000 to $8,000. Under the proposed bill the salaries will be from $3,000 to $9,000, a material increase of salaries in the Consular Service.

In the Diplomatic Service the present salaries run from $2,500 to $4,000 for secretaries of embassies and legations. Under this bill they will range from $3,000 to $9,000, which, of course, is a considerable increase.

These salaries are not for clerks, as was stated by the gentleman from Mississippi. I hope the gentleman understands the difference between a clerk employed in an embassy and the secretary of an embassy. There is no reproach in the word "secretary." We employ it when speaking of Members of the Cabinet, Secretary of State, Secretary of the Treasury, Secretary of Commerce. The bill does not touch the salaries of clerks employed in embassies or legations. It deals with secretaries. Who are these secretaries? John Hay spent the most of his life as secretary in the Diplomatic Service and later became ambassador and Secretary of State. He was just as big a man and did just as good work when secretary of embassy as when he was Secretary of State in the President's Cabinet.

Mr. COLLINS. Will the gentleman yield?

Mr. TEMPLE. I will yield to the gentleman.

Mr. COLLINS. Do not these gentlemen perform strictly clerical duties?

Mr. TEMPLE. They are not clerks. The gentleman intended to give the Members of the House the idea that these men were simply clerks, but they are not. There is a class of men who are clerks. They, and not the secretaries, do the clerical work of the embassies. Their salaries are not changed by this bill, but secretaries of embassies are men who will be permitted, if they show their fitness, to be ministers and ambassadors in the future. The men whom the gentleman from Mississippi called clerks at $9,000 a year are high officers of the foreign service. Under this bill the salary of $9,000 is to be paid only to foreign service officers of class 1, which includes only secretaries designated as counselors of embassy, ranking next to the ambassador and acting in the ambassador's place during his absence, and including also consuls general of classes 1 and 2.

Many of these men are fitted to become ministers and ambassadors, are eligible for promotion to such places, and several of our representatives, ambassadors, and ministers, have been promoted after long service as secretaries. The secretaries are men of the right type, fitted for the Diplomatic Service, and a salary that runs up in the later years as high as $9,000 is not too much for those men.

Also, the gentleman said something about the possibility of using the representation allowance to buy clothing. He said something about trousers at $600 a pair. My information is that the standard price for the complete outfit in London, including all of the trappings that go with it, is £50, or about $250.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. TEMPLE. In just a moment. The representation allowance would not be available for such use in any event. It is not an allowance made to each individual in the service. It is an allowance made to the embassy or legation, or to the consular office, and it is to be accounted for under the terms of this bill after it has been expended in accordance with the regulations to be made by the President of the United States. There is nothing loose about that plan. Every dollar of it will be accounted for, and the expenditures will be made according to rules fixed by the President of the United States.

The bill does not increase the total expenses of the State Department beyond half a million dollars, and as has been pointed out here, the income received for the services of the consular officers runs within half a million dollars of the total appropriation that we make. It is a bagatelle in comparison with the billions of dollars that we spend.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired. All time has expired. The Clerk will read the bill for amendment.

Mr. BLANTON. Mr. Chairman, we ought to have a quorum here to read the bill and I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Texas makes the point of order that there is no quorum present. The Chair will count. [After counting.] Eighty-five Members present, not

a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absent Members, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Anderson	Fenn	Little	Scott
Anthony	Fish	Logan	Sears, Nebr.
Arnold	Foster	Lyon	Sears, Fla.
Aswell	Fredericks	McClintic	Seger
Bacharach	Freeman	McDuffie	Sherwood
Barkley	Funk	McLaughlin, Nebr.	Sites
Bell	Gallivan	MacGregor	Smithwick
Berger	Garber	Magee, Pa.	Snell
Bloom	Garrett, Tex.	Mansfield	Snyder
Bowling	Geran	Mead	Sproul, Ill.
Boyce	Gilbert	Michaelson	Stengle
Boylan	Goldsborough	Miller, Ill.	Strong, Pa.
Briggs	Greene, Mass.	Milligan	Sullivan
Britten	Griffin	Montague	Sweet
Browne, N. J.	Hadley	Mooney	Tague
Burdick	Hammer	Moore, Ill.	Taylor, Colo.
Burton	Hawley	Morin	Taylor, Tenn.
Busby	Hayden	Mudd	Thatcher
Byrns, Tenn.	Hersey	Murphy	Tincher
Campbell	Hill, Md.	Nelson, Wis.	Tucker
Carew	Hoch	Newton, Minn.	Tydings
Casey	Hooker	O'Connell, N.Y.	Upshaw
Clark, Fla.	Howard, Okla.	O'Connor, N.Y.	Vare
Clarke, N.Y.	Hudspeth	O'Sullivan	Vestal
Cleary	Hull, Tenn.	Parker	Ward, N.Y.
Cole, Ohio	Hull, William E.	Patterson	Ward, N. C.
Connolly, Pa.	Humphreys	Peavey	Wason
Cullen	Jeffers	Peery	Watkins
Curry	Johnson, Wash.	Perkins	Watres
Davey	Johnson, W. Va.	Perlman	Watson
Deal	Kahn	Quayle	Weller
Dempsey	Kelly	Rainey	Welsh
Denison	Kendall	Ramseyer	Winslow
Dickstein	Kent	Ransley	Winter
Dominick	Kiess	Reece	Wood
Doughton	Kindred	Reed, W. Va.	Woodruff
Doyle	King	Reid, Ill.	Woodrum
Drane	Knutson	Robinson	Wurzbach
Dyer	Kurtz	Romjue	Yates
Edmonds	LaGuardia	Rosenbloom	Zihlman
Fairchild	Langley	Sabath	
Fanst	Lindsay	Schall	
Favrot	Lineberger	Schneider	

The committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 6357, had found itself without a quorum, that he had directed the roll to be called, whereupon 263 Members answered to their names, a quorum, and he handed in the list of the absentees for printing in the RECORD and the Journal.

The committee resumed its session.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That hereafter the Diplomatic and Consular Service of the United States shall be known as the foreign service of the United States.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word. It is not necessary for me to say a word for the bill, I think, to convince every man in the House of its merit. The bill proposes, first, the adoption of a new uniform salary scale, with a modest increase in the average rate of compensation, an amalgamation of the Diplomatic and Consular Service, and an interchange or transfer of men from one service to another, so that if a man in the Consular Service develops any peculiar or special ability for the Diplomatic Service, his knowledge and experience may be taken advantage of by the Government through his transfer to the Diplomatic Service. On the other hand, if a man should develop a peculiar and special knowledge in the Diplomatic Service which would be of great advantage to the Government in the Consular Service, a similar transfer may be made.

The purpose of the bill, as I understand it, is to use all of the knowledge and experience of a man in both of these services where the knowledge and experience can be best utilized to the advantage of the American people.

The compensation paid to the men in both the Diplomatic and Consular Service in the past has been totally inadequate. The men who have gone into both of these services are men of special training. No man can enter either service without passing the most rigid examination, except in the case of the appointment of an ambassador or a diplomat of high place. The peculiar educational qualifications required of men in the foreign service of the country justifies the Government in paying them a compensation which will enable them to live without borrowing money from rich relatives, and they have not been able to do that in the past.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. CONNALLY of Texas. I have a very high regard for the gentleman's statesmanship, and especially do I admire his wonderful attitude respecting economy. I understand the gentleman is in favor of raising salaries generally?

Mr. MADDEN. I am favoring the raise of these salaries.

Mr. CONNALLY of Texas. But of no others?

Mr. MADDEN. Oh, yes; I have favored others. I want adequate compensation for proper service rendered.

Mr. JACOBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. I do not think I ought to yield further. I want to express just one or two thoughts. The peculiar laws under which we have operated our Diplomatic and Consular Service in the past have prevented the Government from getting the best talent that could be obtained. They have kept out of the service men who would like to serve their country, who have no desire whatever to make money, but who have been specially trained for a class of work which the Government very much needs. Up to this time many of the best men who would like to do this service for the country have not been able to do it.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Not now. They have not been able to do it because they could not afford to do it. This bill encourages the hope that in the future we will be able to get the best men, because the compensation will meet the needs of the case.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. May I have two minutes more?

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for two minutes more. Is there objection?

Mr. BLANTON. I ask unanimous consent that the gentleman may have five minutes more. I want to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The gentleman from Illinois is recognized for five minutes more.

Mr. MADDEN. There is one other feature of the bill that I think is important, and that is the retirement feature of it. The men who are engaged in these services under this law, if it is enacted, will be required to pay substantially all that will be necessary to pay the retirement compensation. I believe that this is the most salutary feature of the law, because after men have given their whole life to the Government without any hope or opportunity of accumulating a competence to care for themselves in their old age, they should be entitled to a retirement compensation which will provide for them in their late days in life, and if they are willing themselves during the course of their service to make the contribution to the fund from which they are to be paid and these contributions are adequate to meet the payment, why, they are simply using the Government in such a case as the depository for the funds which they themselves have taken from their salaries.

Mr. BLANTON. Mr. Chairman, will the gentleman allow me to ask him a question?

Mr. MADDEN. Yes.

Mr. BLANTON. The gentleman spoke of the salary raises as being "moderate." Does the gentleman know that there is one man whose salary is doubled in this bill?

Mr. MADDEN. Oh, yes.

Mr. BLANTON. I want to ask this further question. The greatest speech I ever heard the gentleman make in all his great speeches was made at 3 o'clock in the closing hours of the last Congress, when he took just the opposite view of these foreign matters that he now takes.

Mr. MADDEN. I was not talking then about salaries at all. I was then talking about an appropriation for an embassy, not about salaries, not about men, except incidentally.

Now, Mr. Chairman, I have said substantially all I have to say. There has been no bill pending before this House during this session that has more merit than the pending bill, and I hope that every man in the House who believes that we ought to have an efficient foreign service will vote for the bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has again expired. Without objection, the pro forma amendment will be withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 3. That the officers in the foreign service shall hereafter be graded and classified as follows, with the salaries of each class herein affixed thereto, but not exceeding in number for each class a proportion to the total number of officers in the service represented in the following percentage limitations: Ambassadors and ministers as now or hereafter provided; foreign-service officers as follows: Class 1, 6 per cent, $9,000; class 2, 7 per cent, $8,000; class 3, 8 per cent, $7,000; class 4, 9 per cent, $6,000; class 5, 10 per cent, $5,000; class 6, 14 per cent, $4,500; class 7, $4,000; class 8, $3,500; class 9, $3,000; unclassified, $3,000 to $1,500.

Mr. ROGERS of Massachusetts. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Massachusetts: Page 2, line 12, at the end of section 3, add the following: "*Provided*, That as many foreign-service officers above class 6 as may be required for the purpose of inspection be detailed by the Secretary of State for that purpose."

Mr. ROGERS of Massachusetts. Mr. Chairman, the purpose of that amendment is in order to remedy an error that was made in transcribing the bill. The language of the amendment was carried in the bill that was passed at the last session by the House, and it was in the bill as introduced in this Congress. It was before the committee and was approved by the committee, but by an error when the present draft of the bill was introduced it was omitted. It simply provides for the detailing of a suitable number of inspectors of missions and consulates throughout the world.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

Amendment offered by Mr. COLLINS: Page 2, line 7, after the colon, strike out rest of section and insert in lieu thereof the following: "Class 1, 6 per cent, $7,500; class 2, 7 per cent, $6,500; class 3, 8 per cent, $5,500; class 4, 9 per cent, $5,000; class 5, 10 per cent, $4,500; class 6, 14 per cent, $4,000; class 7, $3,500; class 8, $3,250; class 9, $3,000; unclassified, $2,500 to $1,500."

Mr. COLLINS. Mr. Chairman, this amendment simply fixes the maximum salary of clerks and consuls. One Member prefers that clerks be called "secretaries." The maximum is fixed at $7,500, the same salary that a Member of Congress receives or that a Member of the United States Senate receives. These young gentlemen working in the legations and embassies whom I have called clerks—many of them are stenographers or do purely clerical work. We call the persons that work for us and in the departments and perform duties of that kind "clerks"; and I do not feel that we are reflecting on them when we call them "clerks." The fact that those in the Diplomatic Service are in Europe does not make them better than those here.

Under my amendment the maximum salaries are fixed at $7,500 a year. This amendment does not reduce the salary of any person in the foreign service. Very few are receiving more than that. As a matter of fact, there is no one in the Diplomatic Service that is receiving that now. The minimum there is now $2,500. The maximum is $4,000. My amendment gives the highest paid an increase of $3,500, and that is a substantial increase.

Mr. BLACK of Texas. Mr. Chairman, will the gentleman yield?

Mr. COLLINS. Yes.

Mr. BLACK of Texas. I would like to call my friend's attention also to the fact that in the Lehlbach classification bill the highest salary that can be paid to any civilian in any department of the Government is $7,500, and that must be the head of a department.

Mr. COLLINS. I thank the gentleman for this information. These men are not the heads of departments; they perform purely clerical duties.

Mr. BLANTON. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. BLANTON. That is true except as to 30 men. Except as to 30 men that statement is absolutely true.

Mr. COLLINS. As far as the consuls and consuls general are concerned their salaries are not decreased by my amendment, because there is an express provision in this bill that the salaries which are now in effect shall continue until some one else is placed in their positions. On the other hand, if their salaries are lower than is provided herein, they are given the benefit of the higher salary. No man's salary is reduced and many salaries are raised.

Mr. BEEDY. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. BEEDY. The gentleman, in the course of his travels last summer, had occasion to visit some of the American consuls abroad, did he not?

Mr. COLLINS. Yes.

Mr. BEEDY. Does the gentlemen want the Members of this House to understand it is his belief that the services which those consuls were rendering their country are the same as the services now being rendered in Washington by his clerk and mine?

Mr. COLLINS. If the gentleman had heard my first speech——

Mr. BEEDY. I am asking the gentleman a question and he can answer it yes or no.

Mr. COLLINS. I am going to answer his question, but I am going to answer it in my own way, not by yes or no. I said earlier in the day that if this bill had related simply to consuls and consuls general perhaps I would have supported that part of it relating to salaries. But this bill is not in the interest of the Consular Service. It is of benefit chiefly to employees in embassies and legations. My amendment does not reduce the salary of a single consul general or consul connected with the service; it will raise most of them, and raise them substantially. I have the very highest regard for those persons in the Consular Service. They are high-class officials and deserve just treatment by the Government. Neither have I anything against the young men in the Diplomatic Service. I do not feel, however, the salary increases to the latter class especially is wise or warranted.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. BROWNE of Wisconsin. Mr. Chairman, I rise in opposition to the amendment. This bill, gentlemen, limits all salaries to $9,000. We now pay the consuls general in London and in Paris $12,000, but we decrease the salaries of these officers to $9,000 per year. The purpose of this bill is to begin at the foundation with the small-salaried men and raise their salaries.

We know we can not have efficient service without having the clerks and the secretaries skilled, experienced, and efficient. This bill does not raise the salary of any ambassador or any minister. The efficiency of an ambassador or of a minister depends quite largely upon the efficiency of the employees—the secretaries and subordinates under them—employees who have served an apprenticeship and have been in the foreign service many years and gained valuable experience. These men go out and procure the data, the facts upon which the ambassador or the minister forms his judgment and makes his decisions. If you do not have men of efficiency, capability, and experience as secretaries and as clerks you can not have efficient service and the ambassadors and ministers can not render sound judgments upon the facts which are brought before them.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. BROWNE of Wisconsin. Yes.

Mr. GREEN of Iowa. The gentleman from Mississippi [Mr. COLLINS] said the services of these people were simply clerical. I take it the gentleman does not agree with that statement?

Mr. BROWNE of Wisconsin. My distinguished friend from Mississippi, I think, is in error in his statement that the secretaries in the embassies and legations are simply secretaries in the way we think of secretaries to Congressmen or the secretaries we meet in the departments in Washington. These diplomatic secretaries before they become secretaries must have a great deal of experience; most of them are lawyers, and if the gentleman will look at the civil-service examinations that these secretaries are obliged to take he will see they must have a very thorough education, equivalent to a college education, and must be versed in at least one or two foreign languages; they must have a fair knowledge of international law and diplomatic usage; they must be very efficient men, men who could go out in the business field and command a good deal larger salary than they are getting in the foreign service.

Mr. BLANTON. Will the gentleman yield?

Mr. BROWNE of Wisconsin. In just a second. If you meet the secretaries and clerks of our legations and embassies, you will find them men well equipped by education and natural ability for their positions. You will find they are men, as a rule, who could go right out of the service of the Government into private life and command a good deal larger salary than they are getting from the Government.

Consul General Skinner, of London, gets $12,000 a year. He is the man whose reports are deemed so important that the business men all over the Nation are eager to get them. This man has been in the public service for 30 years; he has worked up from the smallest station, beginning with a salary of $1,800 a year until he is now getting $12,000 a year. There are only two consuls general who receive this salary. We want this whole foreign service on a basis that will attract young men, young men of ability and young men who can see a career ahead of them. It takes a splendid education to enter our foreign service, and as this service is to-day, without any retirement feature and with the small salaries, it offers no inducement to young men without an independent fortune; the result is that only men of wealth are entering our public service, which is absolutely undemocratic and un-American. By this bill we make it possible for young men of good education and ambition to enter the foreign service, with the possibility of promotion and with the satisfaction of knowing that when they reach 65 years of age they can be retired with a fair annuity.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may proceed for one more minute.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the gentleman from Wisconsin may proceed for one additional minute. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. The gentleman knows that under this bill the consul general in London, of whom he spoke, will still get $12,000?

Mr. BROWNE of Wisconsin. Yes.

Mr. BLANTON. Then, he will not be reduced, will he?

Mr. BROWNE of Wisconsin. He will not be reduced during his term, but the salary of his office will be reduced.

Mr. BLANTON. His salary will continue at $12,000 just as long as he occupies the position?

Mr. BROWNE of Wisconsin. Yes; as long as he occupies the position.

Mr. BLANTON. That was not stated awhile ago.

Mr. BROWNE of Wisconsin. Six thousand dollars in the two salaries will go on for the length of time that these men of great experience hold the positions.

Mr. BLANTON. Then, the gentleman from Mississippi was correct in his statement?

Mr. BROWNE of Wisconsin. No; he was not correct in his statement, as I understood it. The gentleman's statement was that the Consular Service would remain the same, but under this bill they are all under the foreign service and we can exchange consuls and secretaries back and forth; they are interchangeable, which is one of the purposes of the bill.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

MESSAGE FROM THE SENATE

The committee rose informally, and the Speaker resumed the chair.

A message from the Senate, by Mr. Welch, one of its clerks, announced that the Senate had passed H. R. 6820, entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1925, and for other purposes," with amendments, in which the concurrence of the House was requested.

REORGANIZATION OF FOREIGN SERVICE

The committee resumed its session.

Mr. WINSLOW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen of the committee, it is not my purpose, for a lack of full information as to the details of this bill, to undertake to discuss the merits of every feature of it. It has happened, however, that ever since this Congress has been in session there has been a bill known as the Department of Commerce Foreign Bureau bill before the Interstate and Foreign Commerce Committee, and it has fallen to my lot to follow that bill in its development and in its connection with the interests of the Department of Agriculture and the State Department. When we reviewed the work of the three departments each was rather working on its own account, after a tradition of many years, and no one in particular had come to realize the extent to which the work was necessarily dovetailed. We had many sessions and in one way and another and for one purpose and another until finally we came to some conclusions, and among the conclusions—and I am speaking now as an individual and not as the chairman of a committee—is that in respect of the importance of keeping this foreign Diplomatic Service in good order.

As I tell you, I am not prepared to discuss the merits of any particular feature of this Rogers bill; but I have been led to believe that a reorganization, if we may call it such, of the State Department foreign service has become imperative; and in order to fit into the fine work which is being done by the Agricultural Department and by the Department of Commerce in foreign fields it has been found desirable to have a reorganization all along the line, and the purpose is to fit those departments together, in so far as they can be, and have all their work properly coordinated.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. WINSLOW. I want to keep within the time, but beyond that I yield.

Mr. OLIVER of Alabama. How do the salaries fixed in this bill compare with the salaries fixed for the commercial attachés?

Mr. WINSLOW. Regretfully, I can not give you that information.

Mr. ROGERS of Massachusetts. Will the gentleman from Massachusetts permit me to answer that question?

Mr. WINSLOW. If I have the necessary time.

Mr. ROGERS of Massachusetts. The maximum salary provided in the Winslow bill for comparable offices is $10,000, and the maximum salary in this bill, as has been brought out in the discussion, is $9,000.

Mr. WINSLOW. As to the merits of these salaries, I regret I do not know enough about the subject to be intelligent in making remarks, and I am only speaking to the general purposes of the bill. Others who are defending the provisions of this proposed legislation will be able, I have no doubt, to give you accurate information.

It is highly important that we give encouragement to these three great departments that are representing the interests of the United States. They do dovetail. It is important they should work together, and under a proclamation recently promulgated by the President of the United States it will be a pretty difficult thing for the representatives in any of our foreign departments to go far afield from the line of work which is laid out for them to do, under the President's proclamation, which I presume has been explained to you. They will have to work together wherever they might come in conflict or wherever their work is in the same territory and in the same line. I desire only to speak for the bill as to its general purpose and intent and to emphasize the importance of working out some legislation along the lines of this bill, for the reason that I have knowledge of the fact that the three departments are in sympathy with the provision of this diplomatic rearrangement.

I am not so sure of my authority to speak for the Secretary of Agriculture, but I am perfectly willing to assure the gentlemen of the committee that, so far as the Department of Commerce is concerned and the Secretary of Commerce, they are heartily in favor of the bill and hope it will go through, not only for its own sake but in conjunction with the work of the other departments.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. BLANTON. I ask unanimous consent that the gentleman may have one more minute.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. If the gentleman will yield, the foreign service is a valuable asset to every business man in the United States, is it not?

Mr. WINSLOW. You mean all foreign service?

Mr. BLANTON. Yes.

Mr. WINSLOW. As we have it to-day, I think so, decidedly.

Mr. BLANTON. It is performing a service at the expense of the Government which the individual business man used to have to perform at his own expense, largely; is not that true?

Mr. WINSLOW. No; not quite that.

Mr. BLANTON. Partially?

Mr. WINSLOW. I think we have the same idea. It performs a service, twofold in its character, in respect of your inquiry. In the first place, it does what the business man hoped could be done but did not know how to do; and in the next place it has discovered new avenues of trade which the business man never knew existed. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 15, noes 49.

So the amendment was rejected.

Mr. CONNALLY of Texas. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: Page 2, line 7, after the word "follows," strike out and insert: "Class 1, 6 per cent, $8,000; class 2, 7 per cent, $7,000; class 3, 8 per cent, $6,500; class 4, 9 per cent, $5,500; class 5, 10 per cent, $4,500; class 6, 14 per cent, $4,000; class 7, $3,500; class 8, $3,250; class 9, $3,000; unclassified, $3,000 to $1,500."

Mr. CONNALLY of Texas. Mr. Chairman, I do not want to make a speech on this proposed amendment. I simply want to say that this amendment slightly scales the salaries in the bill about $500 a year in each class, beginning with a maximum of $8,000 and leaving the minimum the same.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. CONNALLY of Texas) there were 26 ayes and 49 noes.

So the amendment was rejected.

Mr. BLANTON. Mr. Chairman, on page 2, line 8, I move to strike out "nine thousand" and insert in lieu there of "eight thousand seven hundred and fifty."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 2, line 8, strike out "nine thousand" and insert in lieu thereof "eight thousand seven hundred and fifty."

Mr. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that all debate on the section and amendments thereto close in five minutes. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, this is merely a pro forma amendment. There is no chance in the world to alter an item in this bill. I realize that. There have been two opportunities given this body to economize. Two opportunities have been given you to reduce the expenses in this bill, and you have turned them both down. They were not radical propositions; they were conservative business propositions that were offered. The amendment of the gentleman from Mississippi [Mr. COLLINS] and the amendment of my colleague from Texas [Mr. CONNALLY] were both business propositions. You have turned them both down. I want the RECORD to show that there was not a single Republican in this body that voted for either proposition—not one. I want the blame placed right where it belongs.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. STRONG of Kansas. Does the gentleman know that the sums fixed in this bill have been considered by a committee upon hearings?

Mr. BLANTON. Yes; I know that. That was done last year; and therefore we are all bound to vote for everything in the bill, are we?

Mr. STRONG of Kansas. And no specific reason has been assigned for reducing them.

Mr. BLANTON. In the Republican Party nothing is any reason for reducing expenses. That is the policy of the Republican Party. As long as they can increase officeholders and raise their salaries you will never get Republicans to vote against it. They are always in favor of raising salaries, and that is the reason that this Government is now nearly a $4,000,000,000 Government. We have had a war. Yes; but why do we not forget it. The gentleman from Illinois [Mr. MADDEN] admitted here on the floor of this House the other day that we still have on the Government pay roll in the city of Washington 30,000 surplus employees, and he said they ought to be sent home. Why does he not cut them off? Because every time he cuts one of them off they run down to one of you Representatives or Senators and have you force the department to put them back.

They are on the pay roll because the gentleman from Illinois would not reduce the appropriation to pay for their salaries. If he would reduce the appropriations, and not provide salaries for them, we could send the 30,000 surplus employees out of town. They ought to be sent home. But you will not find Republicans voting to do that.

Mr. FITZGERALD. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. FITZGERALD. Did not the Republican Party reduce the Budget from six billion to three billion and a half?

Mr. BLANTON. That was an automatic reduction. [Laughter on the Republican side.] The reduction was the automatic result of peace. If there had been even a bolshevistic administration it would have been reduced just the same, as ridiculous as that might seem. Because with a bolshevistic administration God knows we could have a $10,000,000,000 Government.

Mr. FITZGERALD. And doesn't the gentleman know that the Republican administration reduced the Federal employees by more than 107,000 during that administration?

Mr. BLANTON. I just told the gentleman that was an automatic reduction. [Laughter on the Republican side.] You can claim credit for it if you want to, but if you want to really deserve credit for making reductions you ought to make good what the gentleman from Illinois [Mr. MADDEN] said when he said there were 30,000 surplus employees on the pay roll and send them home. If you will send them home and take them off the pay roll, I will take my hat off to you and send each of you a bouquet. [Laughter.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

Mr. BLANTON. That was a pro forma amendment which I am willing to withdraw.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 4. That foreign service officers may be appointed as secretaries in the Diplomatic Service or as consular officers, or both: *Provided*, That all such appointments shall be made by and with the advice and consent of the Senate: *Provided further*, That all official acts of such officers while on duty in either the diplomatic or consular branch of the foreign service shall be performed under their respective commissions as secretaries or as consular officers.

Mr. STEVENSON. Mr. Chairman, I move to strike out the last word. I hope I am in time to file a lis pendens against my distinguished friend from North Carolina [Mr. ABERNETHY]. On yesterday he made a speech in which he claimed everything for North Carolina except Andrew Jackson, and I was here watching him or he would have claimed him. But the part of his speech that I want to lodge a caveat against is this:

And on April 25, 1776, North Carolina, first of all the Colonies, empowered her delegates to the Continental Congress to vote for independence.

The Battles of Kings Mountain and Guilford Courthouse are written in emblazoned glory upon the pages of history. The part played by North Carolina in the Revolution was second to none of the original thirteen Colonies.

I rise to serve notice that Kings Mountain has been in my district and has been in South Carolina ever since the battle was fought, unless it has been moved recently. Furthermore, this Congress established Kings Mountain as being in South Carolina by putting a monument there. I do not believe the gentleman from North Carolina will be able to carry it across the line, and I serve notice on him that he is going to have a lawsuit if he tries it.

Mr. LOWREY. The gentleman from North Carolina claimed oysters for North Carolina. I do not think the gentleman will deny that he has met some of them.

Mr. STEVENSON. Oh, yes; I have; but the gentleman to whom I refer is not one of them, because he can talk all right.

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

SEC. 7. That on the date on which this act becomes effective the Secretary of State shall certify to the President, with his recommendation in each case, the record of efficiency of the several secretaries in the Diplomatic Service, consuls general, consuls, vice consuls of career, consular assistants, interpreters, and student interpreters then in office and shall, except in cases of persons found to merit reduction in rank or dismissal from the service, recommend to the President the recommissioning, without further examination, of those then in office as follows:

Secretaries of class 1 designated as counselors of legation, and consuls general of classes 1 and 2 as foreign service officers of class 1.

Secretaries of class 1 designated as counselors of legations and consuls of class 3 as foreign service officers of class 2.

Secretaries of class 1 not designated as counselors, consuls general of class 4, and consuls general at large as foreign service officers of class 3.

Secretaries of class 2, consuls general of class 5, consuls of classes 1, 2, and 3, and Chinese, Japanese, and Turkish secretaries as foreign service officers of class 4.

Consuls of class 4 as foreign service officers of class 5.

Secretaries of class 3, consuls of class 5, and Chinese, Japanese, and Turkish assistant secretaries as foreign service officers of class 6.

Consuls of class 6 as foreign service officers of class 7.

Secretaries of class 4 and consuls of class 7 as foreign service officers of class 8.

Consuls of classes 8 and 9 as foreign service officers of class 9.

Vice consuls of career, consular assistants, interpreters, and student interpreters as foreign service officers, unclassified.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANTON: Page 4, line 12, strike out the words "and student interpreters."

Mr. BLANTON. Mr. Chairman, for a number of years we have been carrying appropriations every year to pay salaries and subsistence, board and lodging, and schooling for a lot of student interpreters in Turkey, China, and Japan, and possibly some other places. I am informed that they are mostly patronage jobs. They are for friends of some of our friends in a great many instances. You have a young man who is a bright young fellow and you want to help educate him, and you send him over there to enter school as a student interpreter and have the Government pay him a salary, pay for his lodging and his subsistence and his schooling, and when he becomes educated so that he can speak the language fluently, instead of him giving his service to Uncle Sam, in many instances he sells what the Government has given him to some private commercial enterprise. That has been done in a number of cases that have been called to my attention in the last 10 years.

Mr. TEMPLE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. TEMPLE. Does not the gentleman know that the reason that he sells his services to some corporation is because the corporation outbids the Government and pays the higher salary?

Mr. BLANTON. Oh, of course it does. The Government will never be able to compete with outside business on salaries. We may just as well quit trying to do anything of that kind. We take a young fellow who does not know A from izzard and we send him over there and educate him. Of course, we have made him a valuable man. We teach him to speak fluently the Chinese language or the Japanese language, or the various other substitutes that are used for the main language, and he becomes a valuable man, and commerce wants him and commerce takes him, and all the public money that we have spent upon him is lost.

Mr. TEMPLE. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Oh, by yielding continually I am not going to put myself up here as a target for committee men and their friends who travel to shoot at. You know all of our committees, mostly, are traveling committees, to a more or less extent, and the Foreign Affairs Committee is the main traveling committee of the House. It travels abroad. All of its members have been abroad, have they not?

Mr. TEMPLE. Not at Government expense.

Mr. BLANTON. I did not say that. I say that they have been abroad.

Mr. TEMPLE. I wanted the RECORD to show that what might be concluded from the gentleman's remarks is a mistake.

Mr. BLANTON. Some of them have been abroad at Government expense.

Mr. TEMPLE. Not as members of the committee.

Mr. BLANTON. Oh, the chairman and various others have.

Mr. TEMPLE. Not as members of the committee.

Mr. BLANTON. But we sent the chairman of this committee over there twice last year.

Mr. TEMPLE. Not as a member of the committee.

Mr. BLANTON. But we sent him over there, nevertheless, and paid his expenses twice, and we are going to send him twice this year, for you have already passed a measure allowing $40,000. It doesn't make any difference whether he went as a member of the committee or of a commission. He went just the same and is going again this year.

Mr. TEMPLE. If he will do as much good this year as he did last year, we ought to send him more than twice.

Mr. BLANTON. Oh, I am not complaining. He likely performs valuable service. I did try to reduce his appropriation from $40,000 to $10,000, as I thought $40,000 was too much for five people to spend. I mentioned about these trips abroad, because members of the committee come in contact with these foreign officers, and the foreign officers are nice to them and entertain them royally over there, and they appeal to them, and then these gentlemen come back and immediately want to raise their salaries.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LINTHICUM. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLINS. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROGERS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. By way of variety and only for a moment I desire to give the committee the facts about these student interpreters. There are but three student interpreters at the moment. All of them are in Peking. Each of the three receives a salary of $1,500 a year, and no more. They are under contract to stay on in the employment of the Government for at least five years, at the end of which time they are free to resign, as they ought to be. After they have been trained for a period of three years they will, if found competent, rise to be interpreters. After a time as interpreters, they will be promoted to be Chinese secretaries. These officials, in my judgment, are as important as any that the United States has anywhere in the field to-day. There is no patronage whatever in the appointments. They are selected on merit after examination. It is not easy to find competent Americans who know the Chinese language or who will learn it. I know of no way to get the men that the Government must have in the Orient for its purposes as good as the way proposed here.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. ABERNETHY rose.

Mr. ROGERS of Massachusetts. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in five minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that all debate upon this section and all amendments thereto close in five minutes. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Chairman and gentlemen of the committee, a very serious diplomatic controversy has arisen during my absence from the Chamber. I was charged with removing a mountain yesterday by the name of Kings Mountain, and I desire to lodge my objection to what has been said by the gentleman from South Carolina [Mr. STEVENSON]. We could readily have claimed the birthplace of Andrew Jackson, but we did not do it, and I never said anything in my speech at all yesterday about Kings Mountain being in North Carolina. Half of the mountain is in South Carolina, but North Carolina furnished the larger portion of the troops that carried on the battle, and that is all that I referred to. The gentleman was born in North Carolina, and he is only temporarily living in South Carolina, being loaned to that State, and he should not go back on the place of his birth and try to take away the credit due to my State.

Mr. LOWREY. Does the gentleman think it is right for the State of North Carolina to claim two such distinguished gentlemen as the gentleman from South Carolina [Mr. STEVENSON] and the gentleman from North Carolina [Mr. ABERNTHY]? [Laughter.]

Mr. CONNALLY of Texas. Does not the gentleman think that if the gentleman from North Carolina and the gentleman from South Carolina were to revive that historic transaction which took place between the governors of those States respectively, they could settle upon the facts? [Laughter.]

Mr. ABERNETHY. Since the Volstead Act was passed that has been made impracticable. [Laughter.]

The CHAIRMAN. The time of the gentleman has expired. The pro forma amendment is withdrawn. The Clerk will read.

The Clerk read as follows:

SEC. 8. That consuls general of class 1 and consuls of class 1 holding office at the time this act takes effect shall not, as a result of their recommissioning or reclassification, suffer a reduction in salary below that which they are then receiving: *Provided, however,* That this provision shall apply only to the incumbents of the offices mentioned at the time this act becomes effective.

That the grade of consular assistant is hereby abolished, and that all consular assistants now in the service shall be recommissioned as foreign service officers, unclassified.

Mr. BLANTON. Mr. Chairman, I move to strike out all of the first paragraph of section 8, beginning with line 19 to line 25, inclusive.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 5, line 19, strike out all of lines 19 to 25, inclusive.

Mr. BLANTON. Mr. Chairman, the report on this bill now under discussion indicated that there would be some salaries reduced, but this paragraph prevents any of the present incumbents from having their salaries reduced, and these consuls general will continue to draw the $12,000 just as long as they live and hold that office.

Mr. MOORES of Indiana. And one of them is 79 years of age.

Mr. BLANTON. Well, I know of a man who is 101 years old. Of course, we not all live that long.

Mr. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. ROGERS of Massachusetts. There are only two consuls general of class 1.

Mr. BLANTON. Does the gentleman say that only two consuls general are affected by this paragraph?

Mr. ROGERS of Massachusetts. Yes; and one of them soon retires automatically. We thought it was not fair to take away the best consul general that we have, Consul General Skinner at London. There is a limitation in the law that no retirement basic pay shall be higher than $9,000. The gentleman will find that is provided for on line 12.

Mr. BLANTON. Then that is not controlled by the language of that article?

Mr. ROGERS of Massachusetts. It is not.

Mr. BLANTON. Well, if it only embraces those two men I will not insist upon it. I will ask leave to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment will be withdrawn.

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 12. That the President is hereby authorized to grant to diplomatic missions and to consular offices at capitals of countries where there is no diplomatic mission of the United States representation allowances out of any money which may be appropriated for such purpose from time to time by Congress, the expenditure of such representation allowance to be accounted for in detail to the Department of State quarterly under such rules and regulations as the President may prescribe.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 7, strike out all of section 12.

Mr. COLLINS. Mr. Chairman, this is an entirely new section. As I understand, it is contained in this bill for the first time.

Mr. ROGERS of Massachusetts. Mr. Chairman, will the gentleman permit an interruption?

Mr. COLLINS. Yes.

Mr. ROGERS of Massachusetts. It was carried in this bill at the last session in identically the same language.

Mr. COLLINS. This bill has been before this committee since May, 1919, and I understood that this section was now carried for the first time. I stand corrected, however, on this. This section authorizes the grant to diplomatic missions or to consular officers at capitals of countries where there is no diplomatic mission of the United States representation allowance out of any money appropriated, and so forth.

Now, as I pointed out, representation allowance is a very much larger allowance than a post allowance. Post allowances have been granted in the past few years, and I think are carried in appropriation bills now to the extent of $150,000 per annum. Post allowance covers merely the difference in exchange rates and is allowed only to the lower-paid employees, according to the testimony of the witnesses who appeared before this committee.

Representation allowance covers everything; it covers any sort of expense that a mission goes to as the result of representing this Government abroad. An automobile can be purchased by an ambassador under this section. Entertainments can be paid for out of this fund. Almost anything you can conceive of can be paid for under a representation allowance. Now, the amount that is going to be involved annually as a result of this provision in this bill is something that none of us can estimate.

It will be up to the whims and caprices of the people who represent this Government abroad; and, contrary to what might be supposed, the language in this section does not give the representation allowance solely to the minister or ambassador but gives it to the mission, and the mission includes not only the minister or ambassador but likewise everyone who is in the employ of that particular mission abroad.

Mr. BLANTON. Mr. Chairman, will the gentleman yield there?

Mr. COLLINS. I will.

Mr. BLANTON. Suppose they got the distinguished chairman of the committee over there some summer and entertained him well and got him to feeling good; then when he came back they put $200,000 or $300,000 in one of these bills for the representation allowance—how are we going to cut it out? We would be steam rollered and crushed on the floor.

Mr. MADDEN. They would not entertain me.

Mr. COLLINS. Post allowance, which represents merely the difference in exchange, amounted at one time during the war to $700,000 a year. If difference in exchange alone should amount to $700,000 a year, you can conceive by that what a representation allowance is going to be and what appropriation will be necessary in order to carry into effect the terms of section 12. I hazard the guess it will amount to $1,000,000 annually within five years.

Now, so that no one will misunderstand what a representation allowance is, I am going to read what Mr. Carr, of the State Department, says:

A representation allowance is an allowance which has its origin in the practice of foreign governments. It may cover furniture and furnishings for the official residence and the rent of the officer's residence. It may cover entertainment. It may cover an allowance for receptions on the annual Fourth of July celebration. It may cover an allowance for expenses of official entertainment given to the officers and commanders of our fleets when they visit foreign ports.

It seems to me we ought not to be any more liberal with these gentlemen than they want us to be, and it seems to me we ought not to go out of our way to grant them a representation allowance when, according to their own testimony, they do not want additional pay. Mr. Gibson, on page 18, says:

I don't believe chiefs of missions do need more pay.

Well, a representation allowance is nothing but an increase in the pay. It is an indirect way of increasing the pay of this class of officers. We are certainly liberal enough without adding this additional pay increase.

This Government should not embark upon a program of paying for entertainment allowances for any class of public officers. There is no more reason—not so much—for entertainment allowance for officers abroad than those higher ones on this side, and certainly we do not favor entertainment allowance for even Cabinet officers, and why should we grant such to our clerical forces abroad?

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. ROGERS of Massachusetts. Mr. Chairman, I should like to request, if there is no further demand for time, that in five minutes all debate on this section and all amendments thereto be closed.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that all debate on this section and all amendments thereto close in five minutes. Is there objection?

Mr. BLANTON. This is an important section and I want five minutes on this section. This is one of the most important sections in the bill.

Mr. CONNALLY of Texas. And I should like to have five minutes.

Mr. ROGERS of Massachusetts. I have no desire to cut off debate.

Mr. BLANTON. Will the gentleman from Massachusetts make it 15 minutes?

Mr. ROGERS of Massachusetts. Then make it 17 minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that all debate on this section and all amendments thereto close in 17 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. TEMPLE. Mr. Chairman, the gentleman from Mississippi, who just took his seat, quoted one sentence, and only one, from the statement of Mr. Gibson before the committee:

I don't believe chiefs of missions do need more pay.

But quoting so much and stopping there is very misleading. I should like to quote the rest of that paragraph. Mr. Gibson said:

I don't believe chiefs of missions do need more pay. This is a very old story, and year after year our friends have agitated to have us better paid. There have been a large number of friendly and appreciative newspaper articles written and a sincere effort on the part of many of our friends to get our pay increased. I honestly feel, however, that we can get on perfectly well with the pay we now have, subject to one condition. That condition is that our pay shall be considered in the same light as the pay granted to a man in private life, to a banker, or to a hod carrier; i. e., that it shall be considered as remuneration for services rendered and not as a contribution toward paying the expenses of doing Government business.

The representation allowance which it is proposed to give is to take the place of that contribution toward paying the expenses of doing Government business, which contribution every one of these men now makes in holding official receptions and in other ways. Mr. Gibson very justly characterizes that as a contribution out of the pocket of the ambassador or minister to the Government for the purpose of doing the Government's business, because such entertainment is absolutely necessary in the kind of service that the minister or ambassador is performing.

Now, Mr. Gibson continues:

The pay now given to a chief of mission is not his own, and to all intents and purposes, instead of being paid, a diplomatic official pays for the privilege of representing his country. I, for instance, am paid the very respectable sum of $10,000 a year as minister in Warsaw. If this were my own money, to be spent on my own affairs, and part of it to be set aside to provide for my future, I should consider myself suitably paid. Instead of this, I spend all this money in order to represent the United States Government in a decent and dignified way.

I think the gentleman's remarks need no further answer.

Mr. CONNALLY of Texas. Mr. Chairman, I have no desire to be insistent about my objection to this section, but I do want the House to know what it is doing when it adopts this provision in the bill.

Now, the gentleman from Pennsylvania [Mr. TEMPLE], of course, is an enthusiast about the foreign service, and he is an enthusiast about our representatives living abroad in a dignified and decent way, as some of them term it. But he did not go far enough. If the gentleman from Mississippi did not quote all that Mr. Gibson said, neither did the gentleman from Pennsylvania.

Mr. TEMPLE. There are several pages of it.

Mr. CONNALLY of Texas. The gentleman from Pennsylvania did not quote something that is material. After saying that as minister to Poland he received $10,000 a year and spent it all in living, what else did he say?

If I had twice as much income as I now have available, it could all be used advantageously for the same purpose, and with increased results for the people who have to look to me for support and protection.

Now, gentlemen, when it comes to matters of entertaining and when it comes to the matter of living in a dignified way abroad there is no limit. You could spend $100,000 a year.

Mr. TEMPLE. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. TEMPLE. The limit will be the sum appropriated each year by the Congress.

Mr. CONNALLY of Texas. I understand that, of course, but what I mean is that the Government can not undertake to do these things adequately or at all, according to my view. We could spend $100,000 a year at every foreign post and then you would not entertain everybody who thought they ought to be entertained. It is not wise for this Government to adopt the policy of giving to diplomatic missions abroad Government funds out of which they may pay the expense of entertaining and various other expenses connected with foreign representation. If you adopt this provision and it becomes law, I want to warn you now that you will regret it, because you are turning over to the absolute whim of the State Department untold millions in the years that are to come.

I want to ask gentlemen on that side; I want to ask the chairman of the Appropriations Committee, who was pulled from his committee room here by influences to exert his great power in behalf of this bill; I want to ask the chairman of the Appropriations Committee, does he favor granting entertainment allowances to members of the Cabinet in this country? Does he believe the Secretary of the Navy ought to have a fund provided out of the Public Treasury for entertainment purposes? He will not say he is in favor of that. Does he believe that the Secretary of War ought to have a fund—a representation allowance—for entertainment purposes? He will not say he is in favor of that.

Gentlemen, the best conception of public service is builded upon the theory that we can not receive the emoluments of people out in industry and in trade. What Congressman who sits on this floor could not spend twice his salary and spend it decently, if he undertook to live in Washington in a way that a great many foreign representatives live and in the way that successful business men in this city live? We can not do it.

It is one of the disadvantages under which we must suffer when we undertake public service.

If the time ever comes when the prestige of America abroad must be dependent upon the number of teas which its diplomats give to foreign people; if the influence of America abroad ever falls to that low level, when its barometer will register according to the number of receptions and levees which its representatives abroad give; whenever that time comes it will evidence the fact that the fiber of America and the things for which we are supposed to stand shall have perished.

I do not believe in it. I believe we ought to pay our foreign representatives a decent wage and a decent salary and let their influence spring from the fact that they represent a great country like our own, and not let their influence depend upon the amount of entertaining which they are able to do.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CONNALLY of Texas. I ask for two minutes more.

The CHAIRMAN. The time has been limited. The gentleman from Texas asks unanimous consent to proceed for two additional minutes.

Mr. CONNALLY of Texas. Never mind, Mr. Chairman. The House is not sympathetic, and I do not care to speak further.

The CHAIRMAN. The gentleman from Texas withdraws his request.

Mr. BLANTON. Mr. Chairman, a man has to talk sometimes when the House is not sympathetic. I believe deep down in the heart of every man here who is not a member of this committee that he is against this paragraph. I believe the Members are against allowing large entertainment funds for our foreign officers, and if our distinguished chairman of the Committee on Appropriations [Mr. MADDEN] was not chairman of that committee, knowing him as well as I have known him here in the last seven years, I know that he would be the first man to take this floor against this provision. He is only permitting this to go through now for two reasons: First, he is intimidated [laughter and applause] by his party; and, secondly, he believes that, as chairman of the committee, he is going to be able to control it.

Mr. LEHLBACH. Will the gentleman yield?

Mr. BLANTON. I ask the gentleman to excuse me. The gentleman from Illinois [Mr. MADDEN] thinks he will control it, and I want to say this for him, because I do not believe in waiting until a man dies and then putting flowers on his grave. He does believe in economy just as far as it is within the power of a Republican to believe in it. [Laughter and applause.] He works all the time for economy according to his lights. He tries hard to effect it, but he can not do it. And he is a valuable man to the country.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CONNALLY of Texas. I want to call the gentleman's attention to the Republican platform, which says that they all believe in it.

Mr. BLANTON. That is just a mouth declaration.

Mr. CONNALLY of Texas. The platform states that they believe in a policy of rigid economy.

Mr. BLANTON. That is for the public. I now yield to the gentleman from New Jersey.

Mr. LEHLBACH. Seeing that the gentleman yielded to the gentleman from Texas, I would like to ask the gentleman whether the chairman of the Appropriations Committee has authorized him to speak for him.

Mr. BLANTON. The gentleman from Illinois is one of the genial, courteous men of the House; he will let any friend speak for him [laughter]; but I want to say this: He soon may get tired of this job. There is going to be something much better probably for him in the future than this job. We are not going to have him in there always to watch our finances, and there may be somebody in there at the head of that committee who will not think on these questions as the gentleman

from Illinois now thinks, and that may cost this Government hundreds of thousands of dollars annually in this one little item alone.

Why can we not vote this out? Are we hobbled by this committee? It is not the proper kind of legislation to pass. It is against the ideals and the policies of this Government, and the distinguished gentleman [Mr. MADDEN] forcefully and eloquently told us about it here, as I mentioned, at 3 o'clock in the morning during the closing hours of the last Congress. Why does he not tell us so now? What have they done to him to make him come in here and speak for a bill like that?

We have no chance to stop it. The committee is going to pass the bill. I am wasting time; I know that [laughter]; but somebody has got to protest. Let me call your attention to this fact: There was just a little handful of us when we began talking against the annual $360,000 garden-seed proposition, and everybody laughed at us. They said we were wasting time. They said we could not stop it. We could only get 10 votes the first time we put it to a vote—just 10 votes against it—but we finally hammered on that proposition each and every year, and we got more and more votes against it each succeeding year until the House voted it out of the bill. That encourages me to fight and protest against these matters, even though some of you think we are not getting anywhere.

Mr. GREEN of Iowa. Does not the gentleman know that there were more Members on this side opposed to the garden-seed proposition than on that side?

Mr. BLANTON. Possibly so during this and last year, but the first time we put it to a vote there were only 10 votes against it.

I have the record of the fight for every year since I have been here when a vote was taken, and in the first fight we made there were only 10 votes against it.

Mr. LEHLBACH. That was on a motion to recommit made by the gentleman from Texas, and, of course, there were only 10 votes.

Mr. BLANTON. The gentleman from New Jersey, I presume, does not look at the measure before him but looks at and is controlled by the author of the measure. I look always at the measure. I do not care who proposes it. I would not care if the gentleman from New Jersey were sponsor for it, if it were a good measure I would support it. [Laughter and applause.]

The CHAIRMAN. The gentleman from Michigan [Mr. KETCHAM] is recognized for two minutes.

Mr. KETCHAM. Mr. Chairman and members of the committee, I am sure we have been delighted by the usual entertainment furnished by the gentleman from Texas [Mr. BLANTON] in his discussions on the bill. As I listened, however, an old saying came to my mind, "What you are speaks so loud that I can not hear what you say." [Laughter.]

In that connection I want to bring to the committee in the moment given me a curious coincidence. Objection was raised by the gentleman from Massachusetts [Mr. TREADWAY], I think on yesterday, concerning the extension privilege given the gentleman from Texas. The gentleman from Massachusetts made the statement that the expense of printing the extension granted the gentleman from Texas of 27 pages of advertising material gleaned from current newspapers was $1,042. If the 435 Members of the House of Representatives had likewise on that day all availed themselves of the same privilege, the total cost of their extensions would have been over $453,000, and that is within a few dollars of the exact net cost of our foreign establishment, both consular and diplomatic, for last year. [Laughter.]

More than that, if all the Members of the House had availed themselves of the same privilege of extension, the total number of pages on that day in the RECORD would have amounted to over 11,000, which is 4,000 more than the total number of pages filled by Members of both Houses of Congress thus far this session.

So I may say to the gentleman from Texas that when he speaks of economies it is well to practice as well as to preach. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired, all time has expired, and the question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 19 ayes and 46 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 13. Appropriations are authorized for the salary of a private secretary to each ambassador, who shall be appointed by the ambassador and hold office at his pleasure.

Mr. BLANTON. Mr. Chairman, on page 7, line 23, I move to strike out the words "appropriations are authorized."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 7, line 23, strike out the words "appropriations are authorized."

Mr. BLANTON. Mr. Chairman and gentlemen, the gentleman from Michigan [Mr. KETCHAM] spoke of my having put some matter in the RECORD day before yesterday, and he says it cost the Government money. We have approximately 4,000 employees in the Government Printing Office who work on a regular salary. Now, get this in your minds. What goes into the RECORD at night does not cost the Government one cent more, whether it is put in by the gentleman from Texas or the gentleman from Michigan.

Mr. MORTON D. HULL. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MORTON D. HULL. Perhaps we can get rid of some of them.

Mr. BLANTON. I have been trying to get rid of the surplus employees ever since I have been here. If they had not been printing matter furnished by me, they would have been printing matter uttered by the gentleman from Michigan, which would have been of less importance. [Laughter.] I want to show you the importance of this matter. I want to show you that I saved the country and the people $500,000.

Unfortunately, Mr. Chairman, neither our friend from Michigan [Mr. KETCHAM] nor our friend from Massachusetts [Mr. TREADWAY] are lawyers. They know nothing about law. They know nothing about "construction of statutes." Neither of them know anything whatever about the importance of placing in the record of a congressional debate of a measure that is unconstitutional, all facts demonstrating its unconstitutionality.

They did not know that, when passing upon the question of whether or not a law is unconstitutional, the Supreme Court looks not only to the Constitution but also to the debate of Congress at the time it passed such law. So we must make allowance for their ignorance. We must consider the source from which the criticism comes. We must feel sorry for them, because they are not qualified to discern what is clearly apparent to every posted lawyer.

Now, what was the importance of those 15 pages of advertisements from the Washington Star which I placed in the RECORD? To our two criticizing friends they appeared merely as ordinary advertisements that had no significance whatever. But Congress was passing a measure which recited a "legislative declaration" that a "war emergency" still existed as a basis for extending a war bureau known as the Rent Commission, which has kept rental property occupied by tenants in the District of Columbia away from lawful owners for over five years and which, by such extension, was attempting to keep such property from lawful owners for an additional two years, until May 22, 1926.

The House of Representatives passed this bill last Monday, April 28, 1924, declaring that a war emergency still existed and would continue to exist until May 22, 1926, right in the face of a decision rendered by the Supreme Court on the preceding Monday, April 21, 1924, wherein the Supreme Court said that from judicial knowledge they would hold that no such war emergency existed now. And on last Monday there were three new cases pending before the Supreme Court of the District of Columbia involving the constitutionality of this Rent Commission, which cases will eventually reach the Supreme Court of the United States. And when passing upon such cases, and upon the new extension act which the House passed last Monday, the main question that will be before the court will be whether there is such a scarcity of rooms, apartments, and houses here in Washington as to constitute the emergency declared by Congress to exist. And the Supreme Court will look to the entire debate in the CONGRESSIONAL RECORD, at the time the bill was passed, to determine whether such emergency in fact existed. Every posted lawyer knows this. So, knowing this, I placed in said debate on such bill in said RECORD 15 pages from one newspaper alone, of date April 27, 1924, of advertisements offering property scattered all over this city for rent, and in instances some owners offered a bonus of one month's rent free to any tenant who would rent the property. And in such connection I offered excerpts from the printed hearings of the committee, from sworn testimony of the witnesses, showing not only that vacant properties existed all over the city offered for rent at fair prices but also that this war institution, the Rent Commission, was being used by avaricious landlords as an excuse for raising rents and for keeping vacant hundreds of unoccupied residences

which the owners would not rent because they did not want same controlled by undesirable tenants who they could not ever put out as long as the Rent Commission existed. This evidence showed that rents in the District of Columbia were higher because of the Rent Commission than they would be if we did not have it. And poor tenants all over the city were suffering thereby. And the Government was paying the bill for keeping up this war bureau, when by getting rid of this Rent Commission would save the Government, and the people, and the tenants several hundred thousand dollars each year.

And I knew that the only way to get rid of this Rent Commission and of this new extension act passed last Monday by the House was for the Supreme Court to knock it out as being unconstitutional. And, up to the time that I put that evidence in the RECORD, there was not any evidence of the existing conditions here in the District embraced in the entire debate, and I realized that it was necessary for such evidence to be incorporated in such debate, and therefore I had same printed in the RECORD, knowing that it would be instrumental in saving the Government, the municipality, and the good people here who are tenants several hundred thousand dollars each year.

In extending such remarks, the gentleman from Massachusetts [Mr. TREADWAY] last night intimated that I did not get permission to do so. He is mistaken, just as he is about all of his criticism. If you will turn to page 7568 of the RECORD for last Monday, April 28, 1924, at the bottom of column 2, you will see the following:

> Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.
>
> The CHAIRMAN. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD. Is there objection?
>
> There was no objection.

During the debate last Monday, I was in control of one-half of the opposition time against that bill, and if I hadn't been using the time, it would have been used by somebody else, probably by the two criticizing gentlemen, Mr. KETCHAM and Mr. TREADWAY, and what they would have said would have gone into the RECORD, and would have occupied space according to what they said.

In what the gentleman from Massachusetts [Mr. TREADWAY] said yesterday, and what the gentleman from Michigan [Mr. KETCHAM] has just said to-day, they would have the uninformed to believe that when there is not much to print in the RECORD of any day, there are some Government employees in the Printing Office who would make nothing that day, and would go hungry. That is not the case. Our force of approximately 4,000 employees in the Government Printing Office are regular employees, who work regularly, who are paid salaries, and get their pay checks every two weeks just like other Government employees, and who get their vacation leave, and their sick leave, and who are retired on retirement pay when they reach certain ages, and some of whom print the RECORD every night, whether it is much or little.

In said debate I was not making a record for the lower court, as I knew what the House would do, but I was preparing the record for the Supreme Court of the United States, which, on such record, will hold that rent act unconstitutional and void, and save $500,000 annually.

Mr. MACLAFFERTY. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. MACLAFFERTY. How does the gentleman get definite information on the coming decisions of the Supreme Court?

Mr. BLANTON. Because of what they held on the 21st day of April, 1924, when they then decided the rent act was unconstitutional, and they will hold it so again. The money that was spent in printing which the gentleman from Massachusetts talks about, despite what the gentleman from Massachusetts said about it in his speech, was well spent. I know how easy it is to get up and try to hamstring a man when he was against that kind of Rent Commission legislation. He [Mr. TREADWAY] must want the Supreme Court to hold it in order. They must believe in that kind of Rent Commission legislation up in Massachusetts, taking a man's property away from him without compensation for eight years after the war. His constituents must believe in it, and he is therefore getting up here and trying to hamstring me to please his Massachusetts constituents.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. ROGERS of Massachusetts. Mr. Chairman, I think the committee would like to finish this bill to-night. I think we can do it to-night if we hasten debate as much as we can. I ask unanimous consent that all debate on this section close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts? [After a pause.] The Chair hears none.

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the pro forma amendment offered by the gentleman from Texas.

Mr. CONNALLY of Texas. Mr. Charman, I do not want to interfere with the gentleman, but is the gentleman going to speak on the bill?

Mr. TREADWAY. This is on the amendment offered by the gentleman from Texas.

Mr. CONNALLY of Texas. If the chairman of the committee is going to hold us here late to-night and fill up the intervening time with debate upon matters not connected with the bill, I am going to start something.

Mr. ROGERS of Massachusetts. Inasmuch as the gentleman from Massachusetts, my colleague [Mr. TREADWAY], has been engaged in this colloquy, I thought it was only fair that he should be given opportunity to reply.

Mr. CONNALLY of Texas. I have no objection to that.

Mr. ROGERS of Massachusetts. I shall ask the members of the committee hereafter to confine themselves to the subject matter of the bill.

Mr. CONNALLY of Texas. When does the gentleman propose to have the committee rise?

Mr. ROGERS of Massachusetts. I think we can complete the bill this evening, in half an hour.

Mr. CONNALLY of Texas. Does the gentleman intend to move to rise about 5 o'clock?

Mr. ROGERS of Massachusetts. I should like to complete the bill in committee to-night.

Mr. CONNALLY of Texas. I know; but I do not propose to stay here listening to debate on matters outside of the bill.

Mr. ROGERS of Massachusetts. It is not possible to make a prediction with any accuracy.

Mr. CONNALLY of Texas. We have had the gentleman from Michigan [Mr. KETCHAM] debate this matter, and then the gentleman from Texas [Mr. BLANTON], and we will now have the gentleman from Massachusetts [Mr. TREADWAY] and then probably somebody else.

Mr. BLANTON. Oh, I shall want to answer the gentleman.

Mr. CONNALLY of Texas. Of course, the gentleman from Texas would want to answer.

Mr. TREADWAY. I shall yield part of my five minutes for his answer.

Mr. CONNALLY of Texas. I do not care how much these gentlemen talk, but I am not going to stay here late to-night to listen to them.

Mr. TREADWAY. Mr. Chairman, the gentleman from Texas [Mr. BLANTON] stated that if the matter that he put into the RECORD—advertisements from the Washington Star—had not been inserted the pay of the employees of the Government Printing Office would have gone on just the same. I am reliably informed that the greater part of the work on the CONGRESSIONAL RECORD is piecework, and that the men are paid by the amount of type set. I called up the Public Printer yesterday and was told that, per page, the amount was $38.60. Therefore, the extension that the gentleman made, which he put in the RECORD of yesterday, did cost, as the gentleman from Michigan said, $1,042. Nothing would have taken its place, so far as payment is concerned, if it had not been inserted, and it was therefore an additional expense.

The gentleman laid stress upon the fact that his insertion is of great value to the Supreme Court of the United States. Whoever heard of the Supreme Court accepting as evidence hearsay matter copied from the advertising pages of the newspapers, printed in the CONGRESSIONAL RECORD? I am not a lawyer, but I defy anyone to say that that is legitimate and good evidence before the highest tribunal in the land. I think the gentleman was not furnishing anything to the Supreme Court when he caused the taxpayers to be charged with a thousand dollars or more for the insertion of extraneous matter, more than half of which he published in the RECORD without permission of this House.

Mr. BLANTON. Oh, I deny that, and as a matter of fact it would save $500,000.

Mr. TREADWAY. It will save nothing, and the Supreme Court does not care a rap what the gentleman puts into the RECORD.

Mr. BLANTON. Oh, the gentleman says that because he is a layman and not a lawyer, and does not know.

Mr. TREADWAY. But I have a little common sense, and certainly the Supreme Court uses the same sort of common sense in combination with their great legal learning. Matter

printed in the CONGRESSIONAL RECORD is not of the slightest interest to the Supreme Court, nor is it legitimate evidence. The gentleman could not submit it to a court in his own district in Texas and get away with it. Why, it would not be evidence even before one of these investigating committees of the United States Senate, and the Lord knows they accept almost anything as evidence.

Mr. BLANTON. Oh, the gentleman is like an ostrich with his head in the sand.

The CHAIRMAN. Without objection the pro forma amendment will be withdrawn and the Clerk will read.

The Clerk read as follows:

SEC. 18. The President is authorized to prescribe rules and regulations for the establishment of a foreign service retirement and disability system to be administered under the direction of the Secretary of State and in accordance with the following principles, to wit:

(a) The Secretary of State shall submit annually a comparative report showing all receipts and disbursements on account of refunds, allowances, and annuities, together with the total number of persons receiving annuities and the amounts paid them, and shall submit annually estimates of appropriations necessary to continue this section in full force: *Provided*, That in no event shall the aggregate total appropriations exceed the aggregate total of the contributions of the foreign service officers theretofore made, and accumulated interest thereon.

(b) There is hereby created a special fund to be known as the foreign service retirement and disability fund.

(c) Five per cent of the basic salary of all foreign service officers eligible to retirement shall be contributed to the foreign service retirement and disability fund and the Secretary of the Treasury is directed on the date on which this act takes effect to cause such deductions to be made and the sums transferred on the books of the Treasury Department to the credit of the foreign service retirement and disability fund for the payment of annuities, refunds, and allowances: *Provided*, That all basic salaries in excess of $9,000 per annum shall be treated as $9,000.

(d) When any foreign service officer has reached the age of 65 years and rendered at least 15 years of service he shall be retired: *Provided*, That the President may, in his discretion, retain any such officer on active duty for such period not exceeding five years as he may deem for the interest of the United States.

(e) Annuities shall be paid to retired foreign service officers under the following classification, based upon length of service and at the following percentages of the average annual basic salary for the 10 years next preceding the date of retirement: Class A, 30 years or more, 60 per cent; class B, from 27 to 30 years, 54 per cent; class C, from 24 to 27 years, 48 per cent; class D, from 21 to 24 years, 42 per cent; class E, from 18 to 21 years, 36 per cent; class F, from 15 to 18 years, 30 per cent.

(f) Those officers who retire before having contributed for each year of service shall have withheld from their annuities to the credit of the foreign service retirement and disability fund such proportion of 5 per cent as the number of years in which they did not contribute bears to the total length of service.

(g) The Secretary of the Treasury is directed to invest from time to time in interest-bearing securities of the United States such portions of the foreign service retirement and disability fund as in his judgment may not be immediately required for the payment of annuities, refunds, and allowances, and the income derived from such investments shall constitute a part of said fund.

(h) None of the moneys mentioned in this section shall be assignable, either in law or equity, or be subject to execution, levy, or attachment, garnishment, or other legal process.

(i) In case an annuitant dies without having received in annuities an amount equal to the total amount of his contributions from salary with interest thereon at 4 per cent per annum compounded up to the time of his death, the excess of the said accumulated contributions over the said annuity payments shall be paid to his or her legal representatives; and in case a foreign service officer shall die without having reached the retirement age the total amount of his contributions with accrued interest shall be paid to his legal representatives.

(j) That any foreign service officer who before reaching the age of retirement becomes totally disabled for useful and efficient service by reason of disease or injury not due to vicious habits, intemperance, or willful misconduct on his part, shall, upon his own application or upon order of the President, be retired on an annuity under paragraph (f) of this section: *Provided, however*, That in each case such disability shall be determined by the report of a duly qualified physician or surgeon designated by the Secretary of State to conduct the examination: *Provided further*, That unless the disability be permanent, a like examination shall be made annually in order to determine the degree of disability, and the payment of annuity shall cease from the date of the medical examination showing recovery.

Fees for examinations under this provision, together with reasonable traveling and other expenses incurred in order to submit to examination, shall be paid out of the foreign service retirement and disability fund.

When the annuity is discontinued under this provision, before the annuitant has received a sum equal to the total amount of his contributions with accrued interest, the difference shall be paid to him or to his legal representatives.

(k) The President is authorized from time to time to establish, by Executive order, a list of places in tropical countries which by reason of climatic or other extreme conditions are to be classed as unhealthful posts, and each year of duty at such posts, while so classed, inclusive of regular leaves of absence, shall be counted as one year and a half, and so on in like proportion in reckoning the length of service for the purposes of retirement.

(l) Whenever a foreign service officer becomes separated from the service except for disability before reaching the age of retirement, 50 per cent of the total amount of contribution from his salary without interest shall be returned to him.

(m) Whenever any foreign service officer, after the date of his retirement, accepts a position of employment the emoluments of which are greater than the annuity received by him from the United States Government by virtue of his retirement under this act, the amount of the said annuity during the continuance of such employment shall be reduced by an equal amount: *Provided*, That all retired foreign service officers shall notify the Secretary of State once a year of any positions of employment accepted by them stating the amount of compensation received therefrom, and whenever any such officer fails to so report it shall be the duty of the Secretary of State to order the payment of the annuity to be suspended until such report is received.

(n) The Secretary of State is authorized to expend from surplus money to the credit of the foreign service retirement and disability fund an amount not exceeding $5,000 for the expenses necessary in carrying out the provisions of this section, including actuarial advice.

(o) Any diplomatic secretary or consular officer who has been or any foreign service officer who may hereafter be promoted from the classified service to the grade of ambassador or minister, or appointed to a position in the Department of State, shall be entitled to all the benefits of this section in the same manner and under the same conditions as foreign service officers.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend in the RECORD the remarks I made upon this bill.

The CHAIRMAN. Is there objection?

There was no objection.

The following committee amendments were severally reported and severally agreed to:

Page 10, line 22, after the word "force," insert the words "and such appropriations are hereby authorized."

Page 11, line 22, strike out the word "next," after the word "the," and insert the word "next," after the word "years."

Page 23, line 11, correct the spelling of the word "retirement."

Page 13, line 12, strike out the letter "f" in the parentheses and insert the letter "e."

Page 15, line 6, strike out the letter "m" in the parentheses and insert the letter "n."

Mr. ROGERS of Massachusetts. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Massachusetts: Page 12, line 25, after the word "compounded," insert the word "annually."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROGERS of Massachusetts. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Page 15, line 17, at the end of subsection (o), insert new subsection, as follows:

"(p) For the purposes of this act the period of service shall be computed from the date of original oath of office as secretary in the Diplomatic Service, consul general, consul, vice consul, deputy consul, consular assistant, consular agent, commercial agent, interpreter, or student interpreter, and shall include periods of service at different times in either the Diplomatic or Consular Service, or while on assignment to the Department of State, or on special duty, but all periods of separation from the service and so much of any period of leave of absence as may exceed six months shall be excluded: *Provided*, That service in the Department of State prior to appointment as a foreign-service officer may be included in the period of service, in which case the officer shall pay into the foreign-service retirement and disability

fund a special contribution equal to 5 per cent of his annual salary for each year of such employment, with interest thereon to date of payment compounded annually at 4 per cent."

Mr. ROGERS of Massachusetts. Mr. Chairman, the purpose of this amendment is to fix clearly, for the benefit of the comptroller, the exact moment at which an entrant into the foreign service shall be deemed to have become connected with the service. The provision in effect was included in the retirement section as it was passed by the House last year. I think the amendment simply gives effect to what would happen even if the language were not presented. It is intended merely to be a safeguard for the benefit of the comptroller.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. McLAUGHLIN of Michigan. As I caught the reading of the amendment offered by the gentleman from Massachusetts, it includes anyone employed in the State Department.

Mr. ROGERS of Massachusetts. It includes any foreign service officer who at any time was employed in the State Department.

Mr. McLAUGHLIN of Michigan. I do not understand that the amendment is restricted enough. It says "anyone employed in the State Department." It may have been a janitor.

Mr. LEHLBACH. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. LEHLBACH. I followed the reading very closely and I am familiar with provisions of this sort. The only persons in the service of the State Department who are covered are of two classes: One a diplomatic or consular officer who is assigned to the State Department, who is assigned to duty there, or a person who begins his diplomatic service as an employee of the State Department in the first place.

Mr. McLAUGHLIN of Michigan. That is, no doubt, the intention of the amendment offered by the gentleman from Massachusetts, but the amendment is drawn in such a way that I doubt very much if that will be the construction, although I realize that I have not had time or opportunity to examine it closely. I would suggest the reading of it again, if there is no objection.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the amendment be again reported. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will again report the amendment.

The amendment was again read.

Mr. BLANTON. Mr. Chairman, I reserve a point of order.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I submit that the first two lines of the proviso are wide open:

Provided, That service in the Department of State prior to the appointment of a foreign-service officer may be included.

Service in the Department of State in what capacity? Any and all capacities.

Mr. CONNALLY of Texas. Why should it not be so?

Mr. McLAUGHLIN of Michigan. Service in the Department of State as a stenographer or doorkeeper?

Mr. CONNALLY of Texas. Why should not a doorkeeper be retired as well as anyone else?

Mr. McLAUGHLIN of Michigan. Well, if that is the intention, that is another matter.

Mr. ROGERS of Massachusetts. It relates only to the foreign-service officer, but it does not discriminate against the foreign-service officer who has risen from the ranks. It provides in a case of that sort that the beneficiary shall pay into the retirement fund 5 per cent of his salary.

Mr. McLAUGHLIN of Michigan. And regardless of the character of his employment before he went into the Diplomatic Service?

Mr. ROGERS of Massachusetts. Yes.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] reserves a point of order.

Mr. BLANTON. Mr. Chairman, I make the point of order that it is not germane to this paragraph of the bill.

The CHAIRMAN. The gentleman realizes that it has been debated for a considerable time.

Mr. BLANTON. I realize that; but I still make the point of order.

The CHAIRMAN. The Chair overrules the point of order.

Mr. LONGWORTH. I make the point of order, Mr. Chairman, that it is too late.

Mr. BLANTON. I make the point of order——

Mr. LONGWORTH. It is too late, because the chairman of the committee and the gentleman from Texas [Mr. CONNALLY] have debated the point of order.

The CHAIRMAN. The Chair will enforce the rule. The Chair is disposed to overrule the point of order made by the gentleman from Texas.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BEEDY. Mr. Chairman, I offer an amendment.

Mr. CONNALLY of Texas. Mr. Chairman, I had an amendment pending, but I yield to the gentleman from Maine.

Mr. BEEDY. I thank the gentleman very much. I wanted to offer this amendment: On page 14, line 15, strike out "50 per cent of."

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Maine.

The Clerk read as follows:

Amendment offered by Mr. BEEDY: Page 14, line 15, strike out the figures and words "50 per cent of."

Mr. BEEDY. Mr. Chairman, I would like to ask the chairman of the subcommittee where the idea originated of inserting this provision, which operates in the way of a penalty on a man who contributed toward the retirement fund and for reasons other than disability left the service and is unable to avail himself of the benefits?

Mr. ROGERS of Massachusetts. That amendment was not carried in the bill as I introduced it, and was adopted as the result of a rather elaborate discussion in the committee. The gentleman's point, I take it, is that it departs from the practice set forth in the Lehlbach law.

Mr. BEEDY. Mr. Chairman and gentlemen of the House, we have a retirement fund from which the officers of the Army and Navy receive the benefits, a retirement fund to which they contribute not a dollar. Now, we are proposing a retirement fund for men who, in my humble opinion, are very much underpaid, and will be, even if this bill is passed. I think subsection (1) is not in keeping with the general purpose of the bill. I do not think it is fair, and I do not think that the men on this floor, if they give this matter a moment's thought, will want to vote to retain this section, which in practice operates as follows: Here is a man who has been in the foreign service. Five per cent of his pay has been taken from him to put into the retirement fund, but for some reason or other he leaves the service at the end of five years.

Perhaps he finds himself unable to keep abreast of his financial obligations under the salary which he is receiving. Now, then, are you going to say to that man, "We will take away from you half of all the money you have already paid into this retirement fund"?

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. CONNALLY of Texas. Has he not had during all of that five years the insurance of retirement and being continued in the service? Would it be fair to allow those people to only get something out of the Treasury and not put anything into that fund?

Mr. BEEDY. If I understand the gentleman, my answer would be this: Anybody, if this law goes into effect, who stays in the service 15 years would, of course, receive the benefit of the retirement fund, but in those cases of voluntary withdrawal prior to the 15-year period the Government has had the money paid into the retirement fund, and for the Government to take half of all the money which a man has contributed, if he sees fit to leave the service, does not seem to me to be in conformity with the general spirit of the bill, which, as I understand, is to treat the men in our foreign service decently.

Mr. BEGG. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. BEGG. If the gentleman buys an insurance policy in public life anywhere and carries it for 5 years or 10 years and then decides to drop it, does the company pay back all the money that has been paid in or even return half of it?

Mr. BEEDY. On such life insurance as I hold I get more than half if I carry it more than three years.

Mr. BEGG. I would like to know the gentleman's company, because I would like to take out some insurance in that company.

Mr. BEEDY. If the gentleman will come to my office, I will let him read the policies.

Last summer I had occasion to visit 10 foreign countries, I was impressed with the high order of ability of the men in our foreign service, I was impressed with the fact that they were very greatly underpaid. I am very much in sympathy with

this bill, but it does not seem to me that this particular provision of it conforms to the general spirit of the bill. The House will be the better judge of that matter than I am, but I should like to see the matter brought to a vote.

Mr. LITTLE. Did I understand the gentleman to say he thought they were underestimated?

Mr. BEEDY. No; I said I thought they were underpaid.

Mr. BEGG. Mr. Chairman, I rise in opposition to the amendment. I think it only fair to say in this connection that this provision is in the bill more because of my insistence, perhaps, than because of the gentleman from Massachusetts. He was rather inclined to be against it, but I brought the proposition down to a straight business basis. I am not at all alarmed about these fellows in the Consular Service being imposed upon. I have a constituent in the Consular Service who is married and has two children. He prefers to have that job and live over there than to have a job in the United States. He stated to me that he could live over there better on the salary he is getting from the Government now—because this was before this bill was reported—than he could live back in Ohio on any salary that he could earn there.

Now, I am for the bill increasing the salaries of these men and I am for doing everything I can to stimulate trade, because trade is the life of the country. But why should you select a certain class of people and give them preferential gratuities in old age which are at the expense of the people who are not employed by the Government and who receive no gratuity? We do it for the Army and the Navy and I really think they ought to be compelled to pay something, yet with the Army and the Navy it is an entirely different proposition because there is more or less hazard there. But why should I get into the Consular Service and stay 5 years, 10 years, or 14 years, enjoy, if you please, insurance against old age and then leave the service of my own volition and receive what I have paid in, because I would no doubt leave the service on the presumption that I was bettering my condition or I would stay. Every kind of a condition is covered in the bill. If a man is discharged from the Government service for any reason that is covered, and if a man voluntarily quits the Government service, should the Government act as a savings bank for him and charge him no penalty? There is not a bank in the world that will do it for you, nor is there an insurance company in the world that will do it for you. The gentleman from Maine is absolutely wrong when he says there are insurance companies in the United States which will, if you drop your insurance, refund you even 50 per cent; they will not even refund you 10 per cent, nor 5 per cent, nor 1 per cent, and because they do not do that they can write cheaper insurance for the men who carry it.

Mr. BEEDY. Will the gentleman yield?

Mr. BEGG. Yes.

Mr. BEEDY. Lest there be any misunderstanding about it, did I understand the gentleman in his recent statement to imply that I am arguing that we ought to give back to a person leaving the service what he has contributed with interest.

Mr. BEGG. Well, if the gentleman's amendment succeeds, that is exactly what will be done. He puts in 5 per cent annually for 14 years, the Government compounds it annually, and then he quits to get a better job, and then the Government turns in all the money he has paid in for the insurance he has carried, plus 4 per cent compound interest.

Mr. BEEDY. If the gentleman will read the provision, he will find it provides for no interest. It is a special section and stipulates no interest.

Mr. BEGG. The gentleman only struck out the 50 per cent?

Mr. BEEDY. That is all.

Mr. MACLAFFERTY. Will the gentleman yield?

Mr. BEGG. Yes.

Mr. MACLAFFERTY. If a man has paid insurance for a certain length of time and then drops it, does not the gentleman know that while the company does not return him all or half the money it carries him on with paid-up insurance?

Mr. BEGG. Absolutely, and that is what is provided here. I am carrying him to the extent of 50 per cent.

Mr. MACLAFFERTY. The gentleman did not make that clear.

Mr. BEGG. Well, it is hard to make every point clear in a brief time.

If the gentleman's amendment succeeds, we provide these men with an annuity for life after retirement, or if they quit to take a better job before reaching the age of retirement under the gentleman's amendment we would give them back the total amount of their contribution from their salary without interest. I was in error when I said we compounded it. We do not compound it.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BEGG. May I have just one more minute?

The CHAIRMAN. The gentleman from Ohio asks unanimous consent to proceed for one additional minute. Is there objection? [After a pause.] The Chair hears none.

Mr. BEGG. I do not want to misstate the facts. We do not compound the premium, but we return him all the premium. If the bill stays as it is, we penalize him 50 per cent of the premiums and refund the other 50 per cent, which I think is absolutely equitable and absolutely fair, and I hope the gentleman's amendment will not prevail.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Maine.

The amendment was rejected.

Mr. CONNALLY of Texas. Mr. Chairman, I offer an amendment.

Mr. ROGERS of Massachusetts. Mr. Chairman, I understand there are two more amendments to be offered, and I wonder if we could agree at this time, for the convenience of the committee, to close debate in 15 minutes, and I ask unanimous consent for that purpose.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that all debate on this section and all amendments thereto close in 15 minutes. Is there objection? [After a pause.] The Chair hears none.

The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. CONNALLY of Texas: Page 11, line 24, strike out the "60" and insert "40"; in line 25 strike out "54" and insert "36"; and on page 12, line 1, strike out "48" and insert "32"; and in line 2 strike out "42" and insert "28," and in line 3 strike out "36" and insert "24," and in line 4, strike out "30" and insert "20."

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, this amendment proposes to reduce the scale of percentages on retirement by one-third as carried in the bill.

The bill carries increases of salary on the theory that persons in the Diplomatic and Consular Service should have more than sufficient to barely exist and that salaries provided would be fairly adequate for a decent and comfortable livelihood. By adding a liberal retirement feature the bill proposes to encourage these gentlemen to live up to every dollar of their salary. It is possible under this bill for a secretary who has been in the service for 30 years to retire on an annual compensation of $5,400 per year. You gentlemen may think that is good public policy, but I believe that these rates are too high.

Gentlemen, you have heard on this floor this very afternoon retirements in the Army and the Navy cited as reasons why we should adopt this retirement provision in behalf of the foreign service. The gentleman from Maine stood here and said:

Why, the Army and the Navy have a retirement system and the Government pays all of it. Why should we not have a similar system for the foreign service?

If you adopt this provision in the bill you will simply be affording another precedent, and it will not be long until the clerks and the secretaries in the departments here in Washington and the secretaries of Congressmen will be at the doors of Congress wanting their retirement wages increased, and they will make their complaint with forcefulness when they call your attention to the fact you have adopted a bill making it possible for a secretary in the Diplomatic Service to retire and to draw out of the Public Treasury money raised by the sweat of the American taxpayers and give that secretary $5,400 out of the Treasury, a secretary who neither sows nor does he reap; who neither toils nor does he spin. I want to say, my friends, that when you do that you will be encouraging every department in this Government——

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COLLINS. I yield the gentleman four minutes.

The CHAIRMAN. Without objection, the gentleman may proceed four additional minutes.

Mr. CONNALLY of Texas. Mr. Chairman, let me tell you something. The Republican platform—and I am not making a partisan appeal, because the Democrats do it, too—the Republican platform proclaims the doctrine that you believe in economy, in rigid economy:

We pledge ourselves to a careful plan of readjustment to a peacetime basis and to a policy of rigid economy.

The Democratic platform pledges that kind of a policy. We go before the American people and you go before the American people and we tell them we are in favor of retrenchment. We believe in cutting people off the pay roll, we believe in rigid economy, and yet by this act, gentlemen, you are adding to the pay roll employees who retire from the service; and, mind you, you are not adding them to the rolls simply during your administration of four years, but you are adding them to the pay roll until Gabriel himself by a blast from his horn announces that their time for an accounting has come.

You are putting them on the pay roll, some of them at $5,400 a year. Why, gentlemen, they will not have to entertain anyone after they retire. There will be no necessity for the retirement salary to be so high. If you are going to retire them, do not put them on a salary that, supplemented by their savings, will permit them to live in luxury, but give them a salary upon which they can get along comfortably.

Mr. LITTLE. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. LITTLE. Does the gentleman say that these men get $5,400?

Mr. CONNALLY of Texas. That is the maximum.

Mr. LITTLE. Secretary of what?

Mr. CONNALLY of Texas. Embassies.

Mr. LITTLE. Has the gentleman offered an amendment?

Mr. CONNALLY of Texas. Yes; my amendment is to scale it down one-third. Of course, that is the maximum, but if only one gets $5,400 that will be too much out of the Treasury of the United States.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes; I yield to the statistician of Illinois.

Mr. CHINDBLOM. I will fortify my statement I made a while ago. Does the gentleman contend that the statement in the report as written on the basis of the bill that the Government will contribute only 1.94 of the salary is wrong?

Mr. CONNALLY of Texas. Yes; I contend that is wrong. All of these things were recommended and submitted by people who were in favor of the bill. I do not say that the estimates were willfully wrong, but I do say that all of these estimates were based on speculation and figures of actuaries, and the gentleman knows that there is no mathematical accuracy in those figures.

Mr. CHINDBLOM. I think we may take the figures of the actuaries.

Mr. CONNALLY of Texas. Well I do dispute the statement that only 1.94 is contributed by the Government. If the gentleman will read the bill, he will see that it is provided the Government shall not pay any more toward the retirement fund than individuals contribute, which shows that the Government will pay half.

Mr. CHINDBLOM. That is only a safeguard.

Mr. CONNALLY of Texas. No; it is not.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Clerk will report the amendment offered by the gentleman from Mississippi.

The Clerk read as follows:

Page 11, line 14, strike out the figures "65" and insert "70" and strike out all after the word "retired," in line 15, page 11.

The CHAIRMAN. The gentleman from Mississippi is recognized for one minute.

Mr. COLLINS. Mr. Speaker, the amendment I have offered simply makes the retirement age 70 instead of 65 and makes it conform to the civil service retirement law as it now stands.

Mr. ROGERS of Massachusetts. Mr. Chairman, I shall not detain the committee for much of the five minutes that I reserved for myself. It is extremely difficult to get the precise cost of a retirement law. The Committee on Foreign Affairs realized that, but at the same time desired to go as far as it could go toward getting all information that was humanly possible. We consulted the board of actuaries which is administering the civil service retirement disability fund. Under date of January 7 we received the actuaries' report. They may have made mistakes, there may be a margin of errors, but I think we can say that they are more likely to guess right than anybody in the House or anybody outside. This is what they say:

The calculation indicates the contribution equal to 6.94 per cent of the salaries of all new employees will be sufficient to provide the benefits for employees entering the foreign service under the plan proposed in this bill. Employees' contributions at the rate of 5 per cent of their salaries will therefore cover 72 per cent of the normal cost of the benefits and a contribution equal to 1.94 per cent of the salaries of new employees will be required by the Government in order to cover the remainder of the normal cost of the benefits.

In other words, gentlemen, the committee, by fixing a 5 per cent contribution under this section, provides that the contribution of the employees shall be at the rate of $5 in comparison with every $2 contributed by the Government. The effect of the Connally amendment would be that the Government would make a profit out of the salaries which it had been paying the officers.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. CONNALLY of Texas. The gentleman does not want to make a mistake; the most favorable testimony is that they would pay 72 and the Government 28 per cent.

Mr. ROGERS of Massachusetts. Seventy-two per cent of the cost would be paid by the employees and 28 per cent would be paid by the Government. The effect of the gentleman's amendment would be that by reducing annuities one-third the Government would make a profit out of the retirement fund. Considering the way we have established other retirement funds, that seems rather an absurd result.

We retire our Federal judges on full pay without contribution. We retire Army and Navy officers on three-quarters pay without contribution. Great Britain retires her foreign-service people on two-thirds pay without contribution. We retire our Coast Guard; we retire our Lighthouse Service; we retire pretty generally the employees of the Government without contribution. We retire the mass of civil-service employees of the Government on the basis of 2½ per cent contribution. The effect of the civil service retirement law—and the gentleman from New Jersey [Mr. LEHLBACH], the author of the law, will correct me if I am wrong—is that the Government pays 58 per cent of the benefits and the employees 42 per cent. At least it was so testified in the hearings. What we are asking in this provision is merely that the Government shall pay $1.94 for every $5 that is contributed by the employee.

Mr. LEHLBACH. The testimony shows that the cost of the retirement system as recommended in the bill will be 6.94 per cent of the pay roll. If that benefit is reduced two-thirds; that is, if the annuities are reduced by one-third, the cost of the annuities would be 4.64 per cent of the pay roll, and you are asking the employees to contribute 5 per cent, which is 0.32 of 1 per cent more than it costs.

Mr. ROGERS of Massachusetts. In other words, my statement is verified, that the Connally amendment would result in a net profit to the Government.

Mr. CHINDBLOM. These calculations by the board of actuaries are based on specific terms not dependent at all upon longevity, and there seems to be no reason why there should be any mistake in the calculations.

Mr. ROGERS of Massachusetts. They may be wrong, but they were as nearly right as we could get in the committee.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. CONNALLY of Texas) there were—ayes 21, noes 40.

So the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Mississippi, Mr. COLLINS, which without objection the Clerk will again report.

The Clerk again reported the Collins amendment.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Mississippi.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

SEC. 21. That the appropriations contained in Title I of the act entitled "An act making appropriations for the Departments of State and Justice and for the judiciary for the fiscal year ending June 30, 1925, and for other purposes," for such compensation and expenses as affected by the provisions of this act are made available and may be applied toward the payment of the compensation and expenses herein provided for, except that no part of such appropriations shall be available for payment of annuities to retired foreign-service officers.

Mr. ROGERS of Massachusetts. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Massachusetts: On page 16, line 7, after the word "judiciary" insert the words "and for the Departments of Commerce and Labor."

Mr. BLANTON. Mr. Chairman, what is the purpose of that?

Mr. ROGERS of Massachusetts. The only purpose is to correct the title of the bill which we quote in this section. At the time this particular bill was reported it was not known what the exact title of that appropriation bill would be. Last year it comprised only two departments.

Mr. BLANTON. What is the necessity of adding the Departments of Labor and Commerce?

Mr. ROGERS of Massachusetts. It is simply to correctly quote the title of that act.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. TEMPLE. Mr. Chairman, I ask unanimous consent to extend in the RECORD the remarks that I made on this bill.

The CHAIRMAN. Is their objection?

There was no objection.

Mr. ROGERS of Massachusetts. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 6357) for the reorganization and improvement of the foreign service of the United States, and for other purposes, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. ROGERS of Massachusetts. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The SPEAKER. The gentleman moves the previous question on the bill and all amendments to final passage. The question is on agreeing to that motion.

Mr. CONNALLY of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNALLY of Texas. That does not include the offer of a motion to recommit?

The SPEAKER. No. Is a separate vote demanded on any amendment? If not, the Chair will put the amendments in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. CONNALLY of Texas. Mr. Speaker, I understood the gentleman from Massachusetts [Mr. ROGERS] said he would not try to pass the bill until to-morrow. I have not yet prepared my motion to recommit.

Mr. ROGERS of Massachusetts. I am willing to have it postponed until to-morrow. Mr. Speaker, will the bill come up to-morrow as the unfinished business if it is not passed to-night?

The SPEAKER. Yes.

Mr. CONNALLY of Texas. If we adjourn now a motion to recommit will be in order to-morrow?

The SPEAKER. Yes.

Mr. ROGERS of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

Mr. LONGWORTH. Mr. Speaker, there are a number of matters to be considered.

LEAVE TO ADDRESS THE HOUSE

Mr. HAWES. Mr. Speaker, I ask unanimous consent to address the House for half an hour on Friday next.

The SPEAKER. The gentleman from Missouri asks unanimous consent to address the House for half an hour on Friday next. Is there objection.

There was no objection.

NAVY DEPARTMENT APPROPRIATION BILL

Mr. FRENCH rose.

Mr. UPSHAW. Mr. Speaker, I ask unanimous consent to address the House now for three minutes.

The SPEAKER. The Chair thinks he must first recognize the gentleman having in charge an appropriation bill or conference report. It has the right of way.

Mr. FRENCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6820) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1925, and for other purposes, disagree to all the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Idaho asks unanimous consent to take from the Speaker's table the bill H. R. 6820, the naval bill, disagree to all the Senate amendments, and ask for a conference. Is there objection?

Mr. CONNALLY of Texas. Reserving the right to object, Mr. Speaker, I want to ask the gentleman from Idaho a question with reference to the provision in the bill adopted by this House relating to enlistments under 21 years of age. I notice that the Senate has eliminated that amendment. Is there going to be a disposition on the part of the conferees just tamely to recede from the House position, or can we have assurance that the House will have an opportunity to vote on that when the bill comes back to the House?

Mr. FRENCH. I have no hesitation in letting the gentleman understand that we will give the opportunity desired.

Mr. CONNALLY of Texas. You will bring it back to the House before you agree to accept the Senate amendment?

Mr. FRENCH. Yes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER announced as conferees on the part of the House Mr. FRENCH, Mr. HARDY, Mr. TABER, Mr. BYRNES of South Carolina, and Mr. OLIVER of Alabama.

STOCK-RAISING HOMESTEADS

Mr. SINNOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 381, insist on the amendments of the House, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from Oregon asks unanimous consent to take from the Speaker's table the bill S. 381, insist on the House amendments, and agree to the conference asked for by the Senate. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (S. 381) to amend section 2 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 21, 1916 (39 Stat. L. p. 862).

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER announced as the conferees on the part of the House Mr. SINNOTT, Mr. SMITH, and Mr. RAKER.

GAUGES AND NATIONAL DEFENSE

Mr. TILSON. Mr. Speaker, I ask unanimous consent to extend in the RECORD my own remarks on the subject of gauges and their importance in national defense.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his own remarks in the RECORD on the subject indicated. Is there objection?

There was no objection.

Mr. TILSON. Mr. Speaker, it is appropriate that the Representative in Congress from the New Haven, Conn., district should consider the subject of gauges and their relation to interchangeability in manufacture, for it was just outside the city limits of New Haven, and within a half mile of the place where the present Representative of that district now lives, that the principle of interchangeability of parts in manufacture was first practically worked out and applied in this country, and probably in the world. A letter written by Thomas Jefferson when he was minister to France, addressed to John Jay, states that a Frenchman by the name of Le Blanc had invented an improvement in the manufacture of muskets which "consists in making every part of them so exactly alike that what belongs to any one may be used for every other musket in the magazine." That the idea was not worked out and utilized, however, is shown in a later letter from Jefferson in which he states that he tried to get the United States to bring this Frenchman over, but failed and afterwards he lost track of him. I refer to this in order to give credit where credit is due for the idea, although, along with the originator of the idea, it seems to have been lost. At any rate, the principle of interchangeability of parts in manufacture was not used in France or any other country outside the United States until many years after it was in use here.

Eli Whitney, the inventor of the cotton gin, was probably the originator, and it is claimed quite confidently was the first to work out and practically apply the principle of interchangeability of parts in the manufacture of firearms. Although the cotton gin was one of the most important and far-reaching inventions of any age, the difficulties encountered in protecting his patent were so great that Whitney reaped almost no financial reward from it. We therefore find him turning to the manufacture of firearms, in which he was eminently successful. The great Winchester Repeating Arms Co. of to-day is the direct descendant of the small enterprise in which he embarked.

In 1798 an order for muskets was given by the War Department to the famous cotton-gin inventor, which were to be manufactured "on a new principle." Jefferson, in a letter to Monroe, written in 1801, in speaking of Whitney and his "new principle," says:

> He has invented molds and machines for making the pieces of his locks so exactly equal that take 100 locks to pieces and mingle their parts and the 100 locks may be put together by taking the pieces which come to hand.

About 10 years elapsed before the order was fully completed, and the Government had to make a number of extensions of time for the completion of the order. Recalling the obstacles to be overcome 120 years later, during the World War, it is not to be wondered at that some delays were encountered in this pioneer undertaking. In connection with one of these extensions, Whitney brought to Washington all of the parts for the assembling of 10 complete muskets. The different parts of the musket were segregated into as many groups as there were parts in the musket. In the presence of the Secretary of War and other officials, Whitney performed what then appeared to be the most amazing feat of taking at random a part from each of the groups and assembling the parts into a complete musket. The exhibition seems to have been convincing. At any rate, the time was extended and he was allowed to finish the order.

That the Whitney muskets were more than satisfactory is well attested. In 1847 Jefferson Davis, then commanding a Mississippi regiment in the War with Mexico, wrote to the Ordnance Department that the steel-barreled muskets from the Whitney armory were "the best rifles ever issued to any regiment in the world."

In 1799 an order for pistols was given to Simeon North, of Middletown, Conn., and it is apparent from the result that before the completion of this order he used the same principle. It has been contended that North, and not Whitney, is entitled to first credit for this new principle. Unfortunately the papers, drawings, designs, and many other things which might give valuable information concerning the work of both Whitney and North along this line were destroyed by fire in their respective shops. It is quite probable, in view of the fact that the two pioneers along this line lived within 20 miles of each other, that ideas were exchanged between them; but from the records still extant it appears that Whitney used the "new principle" from the beginning, whereas in the case of North it does not affirmatively appear that he used it prior to 1808. In 1813 North contracted to furnish 20,000 pistols, and in the agreement appears this significant clause:

> The component parts of the pistols are to correspond so exactly that any limb or part of one pistol may be fitted to any other pistol of the 20,000.

North's first contract with the Government was made in 1799, his last was finished in 1853, a year after his death, aggregating 50,000 pistols and more than 30,000 rifles. It has been said of him that he worked under 16 administrations, representing all parties, and that in all the 53 years he never received a reproof or a criticism of his work. He was a country-bred man, strong, quiet, and almost painfully modest. He lacked Whitney's education and influence, but, like him, he represented the best which American mechanical and business life has produced.

Without attempting to positively decide which of these two worthy sons of the same Commonwealth is entitled to the credit for originating or for the earliest development of the principle of interchangeability, it is sufficient to say that this principle, which has become of such tremendous importance in manufacturing, was during the first decade of the nineteenth century developed through the experimental stages by these two notable Connecticut men.

Whatever may have been the form or designation of the tools and other devices used in these early ventures, they were doubtless of a somewhat crude and primitive character. Their use, however, was the beginning of a chapter in American history far more important than the threatened wars for which the muskets were to be made, which have been almost forgotten.

Interchangeability of parts and the devices necessary to insure interchangeability are preeminently American in their use and development. When the principle spread to Europe, as it did before the middle of the nineteenth century, it was universally characterized as the American system. The scarcity and high cost of labor in this country exerted a great influence in the development and use of such a principle. The increased use of labor-saving machinery accentuated development in this direction. In fact, it can be said that jigs and gauges, in connection with machinery, more than anything else, are responsible for the marvelous development of American manufacturing and for the ability of our manufacturers to successfully cope with foreign competition while paying much higher wages.

The primary credit for the development of the principle of interchangeability is due, as has been shown to the firearms industry, although its greatest application has been in the production of such articles as sewing machines, bicycles, typewriters, clocks, watches, and tools. The Ford automobile should also be mentioned as a conspicuous example. On account of the comparatively small quantities of military firearms required in this country development of the use of gauges in the manufacture of military firearms and other matériel did not keep pace with the development in the industries of peace. From the time that Whitney first used such devices, as he did in making interchangeable parts for muskets until shortly before the World War began, there had been a very great improvement in the character and quality of gauges and also an increase in their number and use, but not comparable with the development in lines of peaceful industry, so that when we entered the World War the supply of gauges and other precision and inspection devices, even for the most used of weapons, such as the Springfield rifle, was quite limited. For other important articles there were few or none.

It may not be generally known that up to 1916 no authority of law existed even for making appropriations for gauges, so that an item in an appropriation bill before Congress authorizing money to be spent for such a purpose would have had to go out of the bill on a point of order made against it. Early in 1916 I introduced a bill to authorize the War Department to manufacture and otherwise procure gauges, dies, jigs, tools, fixtures, and other special devices and appliances for the manufacture of arms, ammunition, and other matériel. When the national defense act of 1916 was under consideration in the House of Representatives I offered my bill as an amendment, and the amendment was carried as section 123 of the national defense act. In considering the development and present status of the gauge problem this section should have a place, so it is inserted here in full:

> SEC. 123. Procurement of gauges, dies, jigs, etc., necessary for the manufacture of arms, etc. The Secretary of War be, and he is hereby, authorized to prepare or cause to be prepared, to purchase or otherwise procure such gauges, dies, jigs, tools, fixtures, and other special aids and appliances, including specifications and detailed drawings as may be necessary for the immediate manufacture of arms, ammunition, and special equipment necessary to arm and equip the land forces likely to be required by the United States in time of war: *Provided*, That in the expenditure of any sums appropriated to carry out the purposes of this section the existing laws prescribing competition shall not govern whenever in the opinion of the Secretary of War such action will be for the best interests of the public service.

The story of what happened as a result of the new provision of law during the few months intervening between its enactment and our entrance into the war is short. The Army appropriation bill for 1917 and the fortifications bill, as well, carried appropriations under authority of the new provision. Very little was or could have been done owing to the lack of time before war was declared on April 6, 1917. The war found us with little except the law itself upon which to lay the foundation upon which was later constructed a great munitions program.

At the outset of the war it became apparent that the gauge problem was a determining factor as to the types and kinds of arms to be used in the struggle. I can best illustrate by taking one element of ordnance equipment as typical and going into it somewhat in detail. I therefore choose the shoulder rifle. For a few weeks after we entered the war there was some more or less pertinent discussion as to the kind of rifle with which the Infantry should be armed. A careful observation had been made of all the rifles in use by the allied forces, which only served to reenforce the general belief in this country that the United States Springfield, model 1903, was

superior to any other rifle in the war. It was the arm to which our small Regular Army and our National Guard had become accustomed and it was quite naturally desired that the emergency army to be raised should be armed with the same weapon. Lack of gauges caused the decision to use another rifle.

Soon after the United States had entered the war a conference of gauge manufacturers and rifle manufacturers was called to meet with the responsible officers of the Ordnance Department to discuss the subject of gauges as related to the production of rifles. Being greatly interested in the subject matter of the conference I secured the conference room in the House Office Building as the place of meeting and had the privilege of attending. Representatives of all the larger gauge manufacturers in this country were present and stated quite fully and clearly what could be counted upon in this direction. As a result of the conference it became apparent that for the bulk of our troops some other than the Springfield rifle must be adopted.

The situation as to rifles was that when we entered the war in 1917 we had on hand less than 700,000 Springfield rifles. As is well known, this arm is made only in Government arsenals. We had accumulated in the arsenals gauges of one type or another to such an extent that our capacity in rifle production was about 200,000 annually, although, of course, nothing like maximum production had ever been attempted. This capacity was quite sufficient in peace time, when all that was required was to replace wastage and very gradually increase the stock on hand. In war, however, such a capacity was not sufficient to even replace wastage; so that, relying upon this source alone, we must limit the Infantry forces to less than 700,000 rifles. Such increase in gauge capacity as was found to be practicable without seriously interfering with other features of the munitions program would have supplied little more than the inevitable wastage of war-time service. In this situation it was necessary to turn to sources outside of our Government arsenals, and here also the element of gauges was the decisive factor.

It was fortunate for the United States that necessity in a great emergency had compelled Great Britain to place very large orders for rifles with American manufacturers and that these manufacturers had equipped themselves with the gauges and other necessary tools for quantity production of an improved type of the British Enfield rifle. The practicability of using this equipment with slight modifications saved us from serious embarrassment in our rifle program.

The adoption of the improved British Enfield rifle—designated by us as the United States model 1917—as our principal reliance for the war is such an interesting illustration of the vital importance of gauges in any program of national defense that a brief reference to it is entitled to a place here. Prior to 1914 the British Ordnance Bureau had been engaged in designing a new rifle which was to take the place of the old Enfield. The new design was a decided improvement in many ways over the old one. It was to be .285 caliber instead of .303, as was and is now the caliber of the British rifle.

The new rifle, however, had not progressed beyond the blueprint stage when the war broke out. Any kind of rifle made of metal is superior to one on paper. Such rifles as were in existence were of the old type. Such facilities as existed for making rifles were of the old type. Such ammunition as was on hand fitted the old rifle, and such gauges, dies, and other necessary tools and equipment as existed for the production of rifles and ammunition were of the old type. Therefore, only one course was open to Great Britain and that was to continue making what could be made with existing facilities.

British agents brought drawings for their new rifle, modified so as to use .303 instead of .285 caliber ammunition, to this country and entered into contracts with such as could be induced to undertake its manufacture. The demand for rifles was pressing. At this stage of the British mobilization rifles were not available for more than 1 recruit in 10 enlisted. American manufacturers were urged to produce rifles with all possible speed. Time rather than money was the most essential element of the contracts.

The cry was rifles at the earliest possible moment, and then more rifles. Some of the strongest and best concerns in America took these contracts, companies with abundant capital and practically unlimited credit. Peace prevailed here; labor, both skilled and unskilled, was plentiful, and yet no rifles were produced for a whole year, the reason being the difficulty of the solution of the gauge problem.

The wrestling of American manufacturers with the gauge problem during the years 1915 and 1916 was a most instructive lesson in industrial preparedness for war. I watched and studied it with great interest and intensity, believing it to be a most useful lesson for this country to learn. After a year's struggle with the problem, only a few rifles were being produced. Meanwhile much of the best blood of Great Britain was being shed that might have been saved, because of the lack of rifles. Eighteen months saw the number of rifles on the way toward France rapidly increasing, but more than two years of most precious time had passed before the 1915 orders for rifles had been filled. The rifles were hurried away to France, but the gauges and other necessary equipment which had been created for their production, and which had been paid for in British gold, remained and saved us from an embarrassing and dangerous situation.

We had entered the war and were now able to use the gauges and other equipment created for the purpose of meeting the dire need of Great Britain to likewise meet our own necessity. Comparatively slight modifications were necessary in order to produce a rifle that could use the United States service cartridge, but even this slight change, requiring only a few new gauges, held up the rifle program for months.

In the light of our war experience it is now possible to estimate about what time it would have required to create the necessary gauge capacity to have supplied rifles to our armies as they were mobilized and to make good the wastage. One thing is quite certain, and that is that if it had not been for the fortunate circumstance referred to more than two-thirds of the 2,000,000 men sent to France would have had to use the rifle of either France or Great Britain during their entire service.

Quite as good an illustration of the importance of gauges and the time required to procure them is furnished by the machine-gun problem. The Browning gun had been designed, made, and tested. It was a success. We were practically without machine guns of any kind, while the rapidly increasing importance of this arm was being daily demonstrated on the battle fields of France. The need for machine guns was most urgent. The Lewis gun, chambered for British ammunition, had been put into quantity production. The Marlin Co. had equipped itself for making a machine gun for Russia. These two might have been modified, as they were a little later, to use United States ammunition, and probably, in the light of subsequent events, should have been modified at once and manufactured in much greater numbers than they were, while the gauge problem for the Browning was being worked out. At any rate, with all possible effort concentrated on the Browning, it was a full year before these guns were being turned out in adequate quantities. Meanwhile our troops in France were inadequately supplied with such French and British machine guns as were available and with all the inconvenience and confusion attendant upon the use of the two kinds of Infantry ammunition in the same army.

The pistol problem furnished another forceful illustration of the same character, if one were needed. Our officers literally used such pistols as they could get, or went without, while the frantic, unceasing efforts of the Ordnance Department to procure the Colt automatic were rendered practically fruitless until almost the end of the war, by reason of the difficulties necessary to be overcome in working out the gage problem.

Certain components of the artillery program would furnish almost as good illustrations as those already given of the difficulties encountered in trying to work out, in the midst of war, a problem which is peculiarly one of peace. Enough instances have been cited, however, to emphasize the vital importance of this problem in any rational or adequate program of national defense.

It is a work that can best be done in time of peace; in fact, can be done satisfactorily only in time of peace. A thorough study should be made of every essential component of matériel. Those necessitating the use of considerable gauge, jig, and fixture equipment, involving long time and special mechanical skill in manufacture, should be given priority of consideration. The goal should be an adequate reserve of such equipment, kept well up to date. Nothing short of this will satisfy the proper demands of a great country, which is entitled at all times to a reasonable degree of preparedness for its own defense.

It is a source of very great satisfaction that the Ordnance Department has tackled the problem in such a determined manner, indicating that it is not to be allowed to be lost sight of or sidetracked, but is to be worked out with vigor and persistence. The oncoming generations will soon forget the lessons of the Great War if allowed to do so. I trust that those who are charged with the responsibility of our national defense will see to it that at least the most vital of the lessons learned at such enormous cost are not forgotten.

ORDER OF BUSINESS

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Ohio asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow. Is there objection?

Mr. CONNALLY of Texas. Reserving the right to object, Mr. Speaker, may I ask the gentleman from Ohio what business will be taken up?

Mr. LONGWORTH. We wish to conclude the consideration of the District of Columbia appropriation bill. It could not be done, probably, unless we began at 11 o'clock.

Mr. BLANTON. I hope the gentleman will not do that.

Mr. LONGWORTH. I have been requested to submit the request by members of the committee.

Mr. CONNALLY of Texas. I think if the Republican Congress wants to work we should let it work.

Mr. LONGWORTH. I think that is admirable.

Mr. BLANTON. We have a lot of work to do, Mr. Speaker. I have a lot of work to do on that particular bill. I hope the gentleman will not insist on that.

Mr. LONGWORTH. There are a number of gentlemen on the subcommittee and others, together with the chairman of the Committee on Appropriations, who have asked me to make that request.

The SPEAKER. Is there objection?

Mr. ALLEN. Reserving the right to object, Mr. Speaker, I would not object if the Members would come at the hour, but when you say 11 o'clock and then meet really at 12 o'clock, I do not see any necessity for it.

The SPEAKER. Is there objection?

Mr. ALLEN. I object.

The SPEAKER. The gentleman from West Virginia objects.

REPORT FROM COMMITTEE ON ENROLLED BILLS

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, bill of the following title:

H. R. 1831. An act to loan to the College of William and Mary, in Virginia, two of the cannon surrendered by the British at Yorktown on October 19, 1781.

REREFERENCE

The SPEAKER. H. R. 7217, a bill for the purchase of the Oldroyd collection of Lincoln relics and the erection of a monument or tablet to mark the spot where Lincoln died, was referred by the Chair to the Committee on Public Buildings and Grounds. Request had been made that it be transferred to the Committee on the Library, and the chairmen of both committees agree to the rereference. If there is no objection, the Chair will refer it to the Committee on the Library.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. MCCLINTIC (at the request of Mr. MCKEOWN) for an indefinite time, on account of illness.

Mr. WATKINS, indefinitely, on account of sickness.

ADJOURNMENT

Mr. ROGERS of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 39 minutes p. m.) the House adjourned until to-morrow, Thursday, May 1, 1924, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

447. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia for the fiscal year ending June 30, 1925, for rent of offices for the recorder of deeds, $6,800 (H. Doc. No. 252), was taken from the Speaker's table and referred to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SNELL: Committee on Rules. H. Res. 274. A resolution providing for the consideration of H. R. 5478, a bill to amend an act providing vocational rehabilitation of persons injured in civil employment; without amendment (Rept. No. 602). Referred to the House Calendar.

Mr. SNELL: Committee on Rules. H. Res. 275. A resolution providing for the consideration of H. R. 5209, a bill to provide additional hospital facilities for the Veterans' Bureau; without amendment (Rept. No. 603). Referred to the House Calendar.

Mr. LUCE: Committee on the Library. S. J. Res. 7. A joint resolution granting permission for the erection of a monument to symbolize the national game of baseball; without amendment (Rept. No. 604). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUCE: Committee on the Library. S. J. Res. 106. A joint resolution authorizing the erection on public grounds in the city of Washington, D. C., of an equestrian statue of Gen. San Martin which the people of Argentina have presented to the United States; without amendment (Rept. No. 605). Referred to the Committee of the Whole House on the state of the Union.

Mr. QUIN: Committee on Military Affairs. S. J. Res. 105. A joint resolution authorizing the President to detail an officer of the Corps of Engineers as Director of the Bureau of Engraving and Printing, and for other purposes; without amendment (Rept. No. 606). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM of Pennsylvania: Committee on the Judiciary. H. R. 5420. A bill to provide fees to be charged by clerks of the district courts of the United States; without amendment (Rept. No. 607). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM of Pennsylvania: Committee on the Judiciary. H. R. 5422. A bill to provide for reporting and accounting of fines, fees, forfeitures, and penalties, and all other moneys paid to or received by clerks of United States courts; without amendment (Rept. No. 608). Referred to the Committee of the Whole House on the state of the Union.

Mr. GRAHAM of Pennsylvania: Committee on the Judiciary. H. R. 5421. A bill to relieve United States district judges from signing an order admitting, denying, or dismissing each petition for naturalization; without amendment (Rept. No. 609). Referred to the House Calendar.

Mr. GRAHAM of Pennsylvania: Committee on the Judiciary. H. R. 5423. A bill to amend section 2 of the act of August 1, 1888 (25 Stat. L., p. 357); with an amendment (Rept. No. 610). Referred to the House Calendar.

Mr. GRAHAM of Pennsylvania: Committee on the Judiciary. S. 2236. An act to designate the time and places of holding terms of the United States district court in the first division of the district at Kansas City; without amendment (Rept. No. 611). Referred to the House Calendar.

Mr. MCKENZIE: Committee on Military Affairs. H. R. 8886. A bill providing for sundry matters affecting the Military Establishment; without amendment (Rept. No. 612). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUTHERLAND: Committee on Military Affairs. H. R. 3847. A bill granting a certain right of way, with authority to improve the same, across the old canal right of way between Lakes Union and Washington, King County, Wash.; with amendments (Rept. No. 615). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREENE of Massachusetts: Committee on the Merchant Marine and Fisheries. H. R. 8638. A bill to amend section 28 of the merchant marine act, an act of 1920; with an amendment (Rept. No. 617). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XXIII,

Mr. UNDERHILL: Committee on Claims. H. R. 3071. A bill for the relief of Daniel A. Spaight; with an amendment (Rept. No. 613). Referred to the Committee of the Whole House.

Mr. THOMAS of Oklahoma: Committee on Claims. H. R. 3132. A bill for the relief of the William J. Oliver Manufacturing Co. and William J. Oliver, of Knoxville, Tenn.; without amendment (Rept. No. 614). Referred to the Committee of the Whole House.

Mr. SUTHERLAND: Committee on Military Affairs. H. R. 7389. A bill for the relief of John Solen; without amendment (Rept. No. 616). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII the Committee on Public Buildings and Grounds was discharged from the consideration of the bill (H. R. 7217) for the purchase of the Oldroyd collection of Lincoln relics and the erection of a monument or tablet to mark the spot where Lincoln died, and the same was referred to the Committee on the Library.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. DOYLE (by request): A bill (H. R. 8977) to provide for the furnishing of surety bonds by national banks for the protection of depositors; to the Committee on Banking and Currency.

By Mr. BRAND of Ohio: A bill (H. R. 8978) to amend the Federal highway act; to the Committee on Roads.

By Mr. DALLINGER: A bill (H. R. 8979) authorizing the extension and operation of the transcontinental airplane mail service to Boston, Mass.; to the Committee on the Post Office and Post Roads.

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 8980) to incorporate the National American War Mothers; to the Committee on the Judiciary.

By Mr. BRAND of Ohio: A bill (H. R. 8981) to establish standard weights for loaves of bread, to prevent deception in respect thereto, to prevent contamination thereof, and for other purposes; to the Committee on Agriculture.

By Mr. BLACK of Texas: A bill (H. R. 8982) exempting farmers' or other mutual hail, cyclone, casualty, life, or fire insurance companies, mutual or cooperative telephone companies, or like organizations from corporation taxes under Title III, under certain conditions, and providing for the abatement, credit, or refund of such taxes under prior acts; to the Committee on Ways and Means.

By Mr. RAKER: A bill (H. R. 8983) to prohibit the importation of meats, hides, hair, bones, or other parts of cattle, horses, sheep, goats, or swine until January 1, 1925, from certain countries where the foot-and-mouth disease is prevalent; to the Committee on Agriculture.

By Mr. HUDDLESTON: A bill (H. R. 8984) to prevent frauds in commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LEAVITT: Resolution (H. Res. 276) for the appointment of a select committee to inquire into the need and form of a nation-wide system for the distribution of labor and to report thereon, and for other purposes; to the Committee on Rules.

By Mr. HUDDLESTON: Resolution (H. Res. 277) to investigate the Cleveland Passenger Terminal scheme; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 8985) granting a pension to Annie L. Robinson; to the Committee on Pensions.

By Mr. COOPER of Wisconsin: A bill (H. R. 8986) granting a pension to Nettie Truman; to the Committee on Invalid Pensions.

By Mr. CROLL: A bill (H. R. 8987) granting a pension to Ida L. Walters; to the Committee on Invalid Pensions.

By Mr. FITZGERALD: A bill (H. R. 8988) for the relief of Elmer White; to the Committee on Military Affairs.

Also, a bill (H. R. 8989) for the relief of Henry Juvenile; to the Committee on Pensions.

By Mr. FULBRIGHT: A bill (H. R. 8990) granting a pension to Martha Abernathy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8991) granting an increase of pension to Ada M. Standish; to the Committee on Invalid Pensions.

By Mr. KUNZ: A bill (H. R. 8992) to correct the military record of Daniel D. Dorsey; to the Committee on Military Affairs.

Also, a bill (H. R. 8993) to correct the military record of Rocco Pecora; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H. R. 8994) granting a pension to Reuben J. Allen; to the Committee on Invalid Pensions.

By Mr. PATTERSON: A bill (H. R. 8995) granting an increase of pension to Ida J. Black; to the Committee on Invalid Pensions.

By Mr. RAGON: A bill (H. R. 8996) for the relief of John Zachary; to the Committee on Military Affairs.

By Mr. ROACH: A bill (H. R. 8997) for the relief of Mrs. G. A. Guenther; to the Committee on War Claims.

Also, a bill (H. R. 8998) to provide payment of war risk insurance policy of Ensign Gordan Guenther to his mother, Mrs. G. A. Guenther; to the Committee on War Claims.

By Mr. SANDERS of Indiana: A bill (H. R. 8999) granting a pension to Anna C. Piatt; to the Committee on Invalid Pensions.

By Mr. SITES: A bill (H. R. 9000) granting an increase of pension to Allen R. Read; to the Committee on Pensions.

By Mr. SPROUL of Kansas: A bill (H. R. 9001) granting a pension to William J. Braseer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9002) granting a pension to Louise H. Rush; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9003) granting a pension to Susan Staneart; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 9004) granting a pension to Lydia H. Squires; to the Committee on Invalid Pensions.

By Mr. SWANK: A bill (H. R. 9005) for the relief of Pleasant H. Sells; to the Committee on Military Affairs.

By Mr. SWING: A bill (H. R. 9006) authorizing the appointment of Kenneth K. Little as second lieutenant, United States Army; to the Committee on Military Affairs.

By Mr. TABER: A bill (H. R. 9007) granting a pension to Patrick H. Bushnell; to the Committee on Invalid Pensions.

By Mr. TINKHAM: A bill (H. R. 9008) granting a pension to Lewis B. Jones; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2606. By the SPEAKER (by request): Petition of Massachusetts Society, Sons of the American Revolution, asking that authorization be granted for the complete restoration and repairing of the frigate *Constitution* at the Charlestown Navy Yard; to the Committee on Naval Affairs.

2607. Also (by request), petition of Advertising Men's Post, No. 38, American Legion, Department of Illinois, urging the President of the United States to sign the Johnson immigration bill; to the Committee on Immigration and Naturalization.

2608. Also (by request), petition of the preachers' meeting of the Methodist Episcopal Church of Baltimore and vicinity, requesting the Congress of the United States to reconsider the subject of immigration as affects Japan; to the Committee on Immigration and Naturalization.

2609. By Mr. ANDREW: Petition of the Massachusetts Society, Sons of the American Revolution, petitioning Congress to grant authorization and appropriate funds for the complete restoration and repairing of the frigate *Constitution* at the Charlestown (Mass.) Navy Yard, so that it may be preserved as a priceless memorial of the heroism of the United States Navy; to the Committee on Appropriations.

2610. By Mr. FULLER: Petition of the American Federation of Railroad Workers, Railroad Harbor and Terminal Workers, Lodge No. 342, Jersey City, protesting against the passage of the Howell-Barkley bill; to the Committee on Interstate and Foreign Commerce.

2611. Also, petitions of sundry citizens of Streator, Ill., favoring the Edge bill (S. 1524) to modify the Volstead Act; to the Committee on the Judiciary.

2612. Also, petitions of the Rockford (Ill.) Malleable Works and the Rockford Lumber & Fuel Co., opposing any change in the existing transportation act; to the Committee on Interstate and Foreign Commerce.

2613. Also, petition of the Rockford (Ill.) Manufacturers & Shippers' Association, protesting against abolishing the present labor board as proposed by the bills S. 2646 and H. R. 7358; to the Committee on Interstate and Foreign Commerce.

2614. By Mr. GALLIVAN: Petition of National Legislative and Information Bureau, Washington, D. C., recommending a "fair consideration of the Barkley-Howell bill on its merits"; to the Committee on Interstate and Foreign Commerce.

2615. By Mr. GRAHAM of Illinois: Petition of Mrs. James A. Allen and others, of Aledo, Ill., favoring Senate Joint Resolution 64; to the Committee on the Public Lands.

2616. Also, petition of Tri-City Typographical Union, No. 107, of Rock Island, Ill., favoring the early passage of the 2.75 per cent beverage bill; to the Committee on the Judiciary.

2617. By Mr. RAKER: Petition of Leaf Spring Manufacturers' Association, Richmond, Ind., calling attention to inadequate law in regard to rulings of Bureau of Internal Revenue; to the Committee on Ways and Means.

2618. Also, petition of Pasadena Ice Co., Pasadena, Calif., in re Senate bill 624, opposing enactment of same into law; to the Committee on the Judiciary.

2619. Also, petition of M. L. Ryder, 5117 Mount Helena Avenue, Eagle Rock, Calif., opposing Howell-Barkley bill; to the Committee on Interstate and Foreign Commerce.

2620. Also, petitions of A. R. Dora, 1619 Whitefield Road, Pasadena, Calif., opposing Howell-Barkley bill abolishing Railway Labor Board; C. L. Herbst, 198 Live Oak Street, Los Angeles, Calif., and William A. Clark, 5407 Ash Street, Los Angeles, Calif., opposing Howell-Barkley bill; to the Committee on Interstate and Foreign Commerce.

2621. Also, petitions of D. M. Bassi, Lotus, Calif., and Nevada County Farm Bureau, Grass Valley, Calif., opposing increase in parcel-post rates; to the Committee on the Post Office and Post Roads.

2622. By Mr. SITES: Petition of Woman's Christian Temperance Union, of Shiremanstown, Pa., opposing any modification of the Volstead Act; to the Committee on the Judiciary.

2623. Also, petition of members of the Woman's Christian Temperance Union and the different churches of Boiling Springs, Pa., protesting against any modification of the Volstead Act which would legalize the sale of light wines and beer; to the Committee on the Judiciary.

SENATE

THURSDAY, *May 1, 1924*

(Legislative day of Thursday, April 24, 1924)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The principal clerk called the roll, and the following Senators answered to their names:

Bayard	Dill	Keyes	Sheppard
Brookhart	Ferris	King	Shortridge
Broussard	Fess	McKinley	Simmons
Bursum	Frazier	McLean	Smoot
Capper	Gooding	Neely	Stephens
Cummins	Hale	Oddie	Warren
Curtis	Harris	Overman	Willis
Dale	Howell	Phipps	
Dial	Jones, Wash.	Reed, Pa.	

Mr. CURTIS. I wish to announce that the Senator from Wisconsin [Mr. LENROOT] is absent on account of illness. I ask that this announcement may stand for the day.

I was requested to announce that the Senator from Oregon [Mr. MCNARY], the Senator from Pennsylvania [Mr. PEPPER], the Senator from Minnesota [Mr. SHIPSTEAD], and the Senator from Virginia [Mr. SWANSON] are absent attending a committee meeting.

I was also requested to announce that the Senator from Nebraska [Mr. NORRIS], the Senator from South Dakota [Mr. NORBECK], the Senator from Minnesota [Mr. JOHNSON], the Senator from Louisiana [Mr. RANSDELL], the Senator from Wyoming [Mr. KENDRICK], the Senator from Mississippi [Mr. HARRISON], the Senator from Alabama [Mr. HEFLIN], the Senator from Arkansas [Mr. CARAWAY], and the Senator from Indiana [Mr. RALSTON] are absent attending a hearing before the Committee on Agriculture and Forestry.

Mr. KING. I desire to announce that the Senator from Colorado [Mr. ADAMS] is detained at a meeting of the Committee on Public Lands.

The PRESIDENT pro tempore. Thirty-four Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of absentees.

The principal clerk called the names of the absent Senators, and the following Senators answered to their names when called:

Glass	Pittman	Smith	Walsh, Mass.
Lodge			

The following Senators entered the Chamber and answered to their names:

Bruce	Ernst	George

The PRESIDENT pro tempore. Forty-two Senators have answered to their names. There is not a quorum present.

Mr. SMOOT. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

After some delay the following Senators entered the Chamber and answered to their names:

Ball	Edge	Johnson, Calif.	Stanley
Brandegee	Harreld	Mayfield	

The PRESIDENT pro tempore. Forty-nine Senators have answered to their names. There is a quorum present. Without objection, the further execution of the order to the Sergeant at Arms will be dispensed with.

M. S. DAUGHERTY

The PRESIDENT pro tempore. The Chair lays before the Senate a communication from the Sergeant at Arms, which the Secretary will read.

The reading clerk read as follows:

SENATE OF THE UNITED STATES,
Sergeant at Arms, April 30, 1924.

Hon. ALBERT B. CUMMINS,
President pro tempore, United States Senate.

SIR: In pursuance of the order of the Senate dated April 26, 1924, commanding me to forthwith arrest and take into custody and bring to the bar of the Senate M. S. Daugherty, president of the Midland National Bank, Washington Court House, Ohio, I did, acting through my deputy, John J. McGrain, on April 28, 1924, at 3 o'clock p. m., arrest and take Mr. Daugherty into custody.

I was, however, prevented from bringing him to the bar of the Senate by the action of the District Court of the United States for the Southern District of Ohio, western division, at Cincinnati, in granting a writ of habeas corpus upon the application of Mally S. Daugherty, and setting the case for hearing on Saturday, May 10, 1924, at 8.30 o'clock a. m. The court further ordered that the said petitioner, Mally S. Daugherty, be released upon his own recognizance in the sum of $5,000, conditioned to appear at the time, place, and hour stated.

Respectfully,

DAVID S. BARRY.

The PRESIDENT pro tempore. The communication will lie on the table for such action as the Senate may desire to take.

Mr. BROOKHART subsequently said: Mr. President, I offer a resolution with reference to the report from the Sergeant at Arms laid before the Senate this morning, and I ask for its present consideration.

The resolution (S. Res. 218) was read, considered by unanimous consent, and agreed to, as follows:

Whereas under Senate Resolution No. 157 the special committee appointed to investigate the conduct of the office of Attorney General Harry M. Daugherty and his assistants did summon M. S. Daugherty to appear before it in person and to produce certain books and papers at room 410, Senate Office Building, Washington, D. C., which summons he disregarded, and the Senate thereupon ordered the arrest of said M. S. Daugherty, which order was executed by the Deputy Sergeant at Arms. Thereupon the said M. S. Daugherty procured a writ of habeas corpus in the United States District Court of the Southern District of Ohio, the same being assigned for hearing at Cincinnati, Ohio, on May 10, 1924; and

Whereas the said committee did summon said M. S. Daugherty to appear before a subcommittee in person at Washington Court House, Ohio, which summons he disregarded, and thereupon brought an injunction suit in the Ohio court of common pleas in said city against SMITH W. BROOKHART and BURTON K. WHEELER, said subcommittee, requiring them to answer on May 10, 1924:

Resolved, therefore, That the President of the United States be respectfully requested to direct the Attorney General to defend said suits on behalf of the Senate of the United States.

PETITIONS AND MEMORIALS

Mr. WARREN presented a letter in the nature of a memorial from the committee on marketing of the Business Men's Club of Moorcroft, Wyo., remonstrating against a proposed readjustment of parcel-post rates, which was referred to the Committee on Post Offices and Post Roads.

Mr. LADD presented a resolution of the Commercial Club of Aneta, N. Dak., favoring the passage of the so-called McNary-Haugen export corporation bill, which was referred to the Committee on Agriculture and Forestry.

Mr. LODGE presented a resolution of the City Council of Brockton, Mass., favoring the passage of legislation granting increased compensation to postal employees, which was referred to the Committee on Post Offices and Post Roads.

Mr. JOHNSON of California presented a petition of sundry citizens of Long Beach, Calif, praying an amendment to the Constitution granting equal rights to women, which was referred to the Committee on the Judiciary.